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- Does Government Always Have to Grow?

SEPTEMBER 2002

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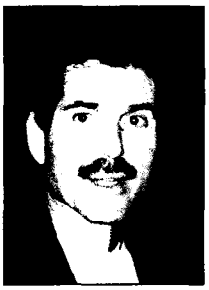

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ABC News Correspondent

With remarks by

Mark Skousen

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IDEAS ON LIBERTY

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PERSPECTIVE

Weapon of Mass Distraction

In 1795 James Madison wrote:

"Of all the enemies to public liberty war is, perhaps, the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few. In war, too, the discretionary power of the Executive is extended; its influence in dealing out offices, honors, and emoluments is multiplied; and all the means of seducing the minds, are added to those of subduing the force, of the people. . . . No nation could preserve its freedom in the midst of continual warfare."

Madison's warning is worth thinking about one year into the war on terrorism. As government officials have repeatedly said, this is a war unlike any other. It is an open-ended campaign against an amorphous target that is a tactic not an adversary. At various times President Bush has said the campaign is against terrorist groups with a "global reach" and against "evil doers" everywhere. Thanks to cheap international air travel, "global reach" is not as restrictive a standard as it sounds. Thus the net is cast wide, including the Philippines, where civil strife is nothing new.

The upshot is that the government has embarked on a major operation with serious military, domestic civil-liberties, and fiscal implications—and there is no way of knowing even what will constitute success. What's more, it is all too easy to stir up public fears whenever skepticism about the exercise of government power surfaces. The ominous announcement in June about an alleged dirty-bomb plot, which the White House quickly backed away from, is just one example.

Some will reply that the concerns voiced here might have had merit if terrorists hadn't flown airplanes into the World Trade Center and the Pentagon one year ago. Those monstrous crimes were indeed committed by evil

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men. But maybe passions have cooled sufficiently that it can be noted that classical liberals have long warned that the U.S. government's interventionist foreign policy—empire, as some of its advocates are no longer reluctant to call it—creates breeding grounds for anti-Americanism and terrorism. As a Department of Defense report put it in 1997, "historical data show a strong correlation between U.S. involvement in international situations and an increase in terrorist attacks against the United States."

The U.S. government has been trying to police the world for over half a century. It is incapable of protecting us from those who resent it. The Founders' mind-our-own-business policy is now in order. To borrow a title from the Cato Institute's Ivan Eland, the best defense against terrorism is to give no offense.

* * *

Imagine government taking property from its owner in order to give it to someone whose use will provide more tax revenue. This surely couldn't happen in the United States, right? Wrong, says Steven Greenhut.

America is a vast free-trade zone within which people and goods may cross borders unrestricted. But what if each state were a nation with the same trade barriers found in many other countries? Manuel Ayau Cordón paints the dismal picture.

An award-winning historian claims that early Americans rarely hunted or owned guns. Clayton Cramer has read the same sources as the author and finds a rather different America.

One thing government planners have not been able to do on a large scale is get Americans out of their cars and onto subways, trains, and buses. Stephen Browne tells why.

The first great robbery of the young century occurred in Argentina—and the money never left the bank. Guillermo Yeatts has the details.

Last January, Robert Nozick died. He was the Harvard philosopher who wrote a book, *Anarchy, State, and Utopia,* that put libertarianism on the academic map. Roderick Long discusses the importance of that achievement.

The people were against them, but the federal government connived with industry to have the states impose them anyway. Now you can be stopped, and maybe jailed, for not using them. What are they? Seat belts. William Holdorf tells the sordid story. And Ted Roberts relates a personal encounter.

The man who made sure the railroad fulfilled its potential and helped turn America into an economic powerhouse is more associated with refrigerators than trains. Charles Oliver has an account of a remarkable inventor and entrepreneur.

When the champions of government schools attack vouchers for violating the First Amendment, their arguments turn like a boomerang and strike those who make them. Barry Loberfeld carefully scrutinizes their case.

The general impression of the Third World is that it's bad off and getting worse. The general impression is mistaken, writes Jim Peron.

In the columns department: Mark Skousen attends to the environment. Lawrence Reed is troubled by the prisons. Doug Bandow says too much is spent on the military. Thomas Szasz listens to the way people talk about suicide. Stephen Davies points out that government wasn't always big. Donald Boudreaux denies that capitalism promotes wealth inequality. Russell Roberts can't understand farmers. And Scott McPherson, reading the claim that government and business are much the same, replies, "It Just Ain't So!"

Books coming under the microscope this month focus on the presidency, the significance of the growing investor class, the effect of labor legislation on black people, the failed drug laws, the crusade against the tobacco industry, and the corporation's impact on America.

—SHELDON RICHMAN

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From The President's Desk

by Mark Skousen

IDEAS ON LIBERTY
SEPTEMBER 2002

The Economics of Ecology: Angry Planet or Beautiful World?

"The bright promise of a new millennium is now clouded by unprecedented threats to humanity's future."
—WORLDWATCH INSTITUTE, 2000[1]

"We know that the environment is not in good shape. . . . My claim is that things are improving."
—BJØRN LOMBORG[2]

Bjørn Lomborg is a Danish professor of statistics who was an environmental activist and member of Greenpeace for years. He accepted at face value the Malthusian views, expressed by Paul Ehrlich, Lester Brown, and groups such as the Worldwatch Institute, Greenpeace, and the Sierra Club, that the world was running out of renewable resources, clean water, and forestland, and that the earth was becoming more polluted and that population growth was exploding.

Along came Julian Simon, an American economist from the University of Maryland, who challenged Lomborg's thinking. Simon had published several books and papers filled with data supporting his view that life was actually getting better, that air in the developed world was becoming less polluted, that fewer people were starving, and that the population growth was slowing.

Simon made two devastating arguments against the pessimists: First, natural resources are virtually unlimited in the long run because higher prices, reflecting scarcity, encourage the discovery of additional reserves and the use of substitutes. In addition, entrepreneurs and inventors are developing new technologies and cost-cutting techniques allowing more resources to be discovered and developed. Second, a large and growing population leads to a higher standard of living because it increases the stock of useful knowledge and trained workers.

Lomborg decided to test Simon's statistics. In the fall of 1997, he and a group of students examined Simon's data. Their conclusion: Simon was right! Lomborg reversed course and, in publishing his findings in *The Skeptical Environmentalist*, has created a furor within the environmentalist community.

Lomborg joins Simon in refuting most of the claims of the perma-bear environmentalists: global forests have increased since World War II; the world's population growth rate peaked in 1964 and has since declined; only 0.7 percent of species have disappeared in the past 50 years; fewer people in the world are denied access to water; incidence of infectious disease is still on the

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decline worldwide; the number of extremely poor/starving people is also declining; air pollution is falling in many parts of the world.

But what about global warming, the overriding concern that our capitalistic lifestyle is changing the climate and could do permanent damage to our ecosystem? The evidence is clear that temperatures have been rising in the past century, but the questions remain: how much of the temperature increase is due to global carbon-dioxide emissions and what is the best course of action? Economic analysis shows it will be far more expensive to cut CO_2 emissions radically than to pay the costs of adapting to global warming.[3]

Economists have also debunked the popular myth that economic development is responsible for environmental degradation. The truth is largely the opposite. As Lomborg states, "environmental development often stems from economic development—only when we get sufficiently rich can we afford the relative luxury of caring about the environment."[4]

The Polluted State

Economists have also publicized "government failure" in the debate about the environment. Recent studies have revealed how less-developed countries, including the former Soviet Union, have more pollution, lower health standards, and more environmental hazards than industrialized nations. Economists Terry Anderson and Donald Leal point to several examples of government mismanagement: National parks such as Yellowstone are in major disrepair, the U.S. Park Service is notoriously wasteful (it built a $330,000 outhouse), the Canadian government destroyed the cod industry, and Brazil and Indonesia forced migrants to burn once-pristine rain forests to plant crops.[5]

Economics has provided real solutions to pollution and environmental degradation. One problem is what is known as the "tragedy of the commons." In a 1968 issue of *Science,* Garrett Hardin, emeritus professor of biological sciences at the University of California at Santa Barbara, wrote a seminal article arguing that a resource tends to be overexploited when owned by the public and not private individuals. If no one owns a piece of grazing land, each herdsman has an incentive to add another animal to the herd until the land is overgrazed. As a result, "Freedom in a common brings ruin to all."[6]

Hence, the lack of property rights and market prices creates a "tragedy of the commons"—unnecessary pollution, extinction of animals, destruction of forests, strip mining, and more. At first government favored regulation as a solution, but economists have encouraged the establishment of clearly specified property rights and accompanying price signals in water, fishing, and forestland, so that owners can preserve these resources in a balanced way.

In sum, free-market environmentalism has come a long way in showing how to replace the regulatory fist of command with a greener invisible hand. Many free-market think tanks, such as PERC and the Competitive Enterprise Institute, have challenged the supremacy of the Sierra Club and Greenpeace.[7]

Earth Day will never be the same. □

1. Worldwatch Institute, *The State of the World 2002* (New York: Norton, 2002), p. xvii.
2. Bjørn Lomborg, *The Skeptical Environmentalist: Measuring the Real State of the World* (Cambridge: Cambridge University Press, 2001), pp. 30, 32.
3. Ibid., p. 318.
4. Ibid., p. 33.
5. Terry L. Anderson and Donald R. Leal, *Free-Market Environmentalism*, revised ed. (New York: Palgrave, 2001), pp. 47–58.
6. Garrett Hardin, "The Tragedy of the Commons," reprinted in Garrett Hardin and John Baden, ed., *Managing the Commons* (San Francisco: W.H. Freeman, 1977), p. 20.
7. Two additional sources written from a free-market perspective are Michael Sanera and Jane S. Shaw, *Facts, Not Fear: A Parent's Guide to Teaching Children About the Environment* (Washington, D.C.: Regnery, 1996) and Ronald Bailey, ed., *Earth Report 2000* (New York: McGraw Hill, 2000).

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IDEAS ON LIBERTY
SEPTEMBER 2002

Government and Business Are the Same?

It Just Ain't So!

"Let us now praise slothful, inefficient, bloated government," reads the opening of an April 30 *Washington Post* essay, "When the Blue Chips Are Down, in Gov We Trust." "Let us now rejoice in the glory of your trillions of tax dollars at work." Why are we rejoicing? Because staff writer Paul Farhi intends to show us just exactly how the government and the marketplace are really about one and the same.

"We've heard so much, for so long, about government waste, fraud and corruption (WFC)," he begins, "But America's corporations—those smug lions of capitalism, those sleek models of can-do efficiency—seem to be getting awfully good at WFC, too."

What follows are Farhi's "Items," a cornucopia of capitalism's recent "failures":

- "AOL Time Warner, the world's largest media company reports a $54 billion quarterly loss, the largest in corporate history."
- "Telecommunications first go on a six-year building spree, wiring the country with thousands of miles of high-capacity fiber-optic lines. A new infrastructure is created to handle an expected boom in data transmission. Except that the boom never arrives."
- "Merrill Lynch . . . apologizes after its analysts publicly recommended stocks [they] were privately disparaging. . . . The analysts apparently were under pressure to give high ratings to companies that paid Merrill big investment banking fees."

"The difference between the federal government and AOL," concludes Farhi, "is that taxpayers could at least get a few extra Apache helicopters . . . for their $54 billion."

Conveniently, Farhi glosses over the *real* difference, peripherally mentioning that government has "a couple of key advantages" over business, like taxation and "a monopoly over certain services and activities." But what he casually refers to as "advantages" are actually the major distinctions in how the two function and the results they deliver.

First, the free market brought the civilized world to its unprecedented level of wealth. If government and business were really so much alike, people wouldn't have starved for thousands of years under lords and bureaucrats, while just 200 years of free enterprise has made even the poorest members of our society wealthier than a medieval prince could have imagined.

Quite laughable are Farhi's numerous attempts to show how government is, at worst, as good as the market at delivering goods and services. "Big government builds roads, fights disease, directs air traffic, fights wars, inspects food, takes the census, doles out food stamps, Medicare and Social Security checks, sends the space shuttle up and performs about 12,000 other necessary and vital functions," he writes.

It would take gallons of ink to refute every fallacy in such suggestions as the "necessity" of welfare programs; those arguments have been made quite adequately elsewhere. Suffice it to say that without some politician wielding a club for the "common good," people would still need to travel, cure the sick, make better food, and take care of the poor and elderly—and some ambitious entrepreneur would gladly satisfy all these needs. How we'd get along without wars and the census is even easier to imagine!

Farhi asks, "Could the private sector deliver mountains of first-class letters as quickly as the U.S. Postal Service, and at the same price?" About 160 years ago some

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folks tried to find out—and the federal government got so worried that it shut them down. "Could any company process millions of tax returns with as few mistakes as the Internal Revenue Service?" Private companies have no trouble processing millions of credit transactions every day, and they don't use coercion. But the IRS does get an "A" for intimidating the populace, admittedly something government forces do better than market forces.

Collective Effort

Farhi says, "Even those who believe in the gospel of smaller government and the miracles of the private sector know there's no decent substitute for collective effort." I'll bet he isn't talking about public education, the "War on Poverty," welfare, or any of the many other failed programs. If the market isn't bringing quality to those areas that are currently monopolized by government, perhaps it's because government is monopolizing them.

Calling the service industry an "oxymoron," Farhi states that although a "visit to the post office might be frustrating . . . so is a visit to the bank or the department store." Actually, the "poor" service that many speak of is another sign of the success of the marketplace, since the day has passed when people placed such a high premium on service. No one likes to reach an automated answering machine, but we love all the wonderful things brought to us by freed-up labor when 15 people aren't waiting for one customer's call. Still postal clerks can be found in abundance while only one works the counter.

The fact that AOL Time Warner lost $54 billion, the telecom industry underwent a false boom, and stock analysts recommended "junk" stocks is hardly symptomatic of some defect inherent in the capitalist system. Businesses *do* lose money, and often, and so does government, yet the difference is one of accountability and consequences.

When a company tries to inspire investors with the chance of turning a profit and fails to deliver, the company goes bust. Enron has of late been held up as a poster child for capitalist excess, when it really shows that you can't fool the market; for all Enron's allegedly misleading tactics, investors smelled a rat and walked away. Moreover, failed businesses perform a vital function in a free economy. They tell producers what *not* to do. The same can't be said for corporate welfare—another program we should "rejoice" in, more of our "tax dollars at work."

Government, on the other hand, can continue to pour money down the drain with effectively no recourse available to its "investors." When government "business" runs in the red, "customers" become hostages, deficit spending covers the "loss," and worse, no one knows the "business" is failing because it was never expected to be profitable. When the spending, debt, and inflation get bad enough, politicians blame it on big business and raise taxes.

If anyone truly doubts that government and the private sector are as different as punk rock and coconuts, try a simple experiment: stop patronizing the firm of your choice for one year—forgo purchasing stocks or real estate, give up your telephone, or shun the Internet—then decide whether you are better or worse off and adjust your lifestyle accordingly. Now stop paying your taxes. Life *will* get decidedly worse, but not for the reasons Farhi would have us believe.

Government simply *cannot* replace the market in terms of delivering abundance and efficiency. These are not just the words of a capitalist partisan—it is an inescapable fact. Were it to be otherwise, Soviet Russia might have chugged along with the West indefinitely. Instead it collapsed in total economic turmoil. The spectacle of a failed business is, at worst, several thousand people losing money or maybe even their jobs. Bad "business" from government brings the specter of mass unemployment, ration lines, and people burning cash for fuel.

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SEPTEMBER 2002

The Blight of Eminent Domain

by Steven Greenhut

My sister-in-law came back from a recent trip to Poland outraged at how that former communist country treats its citizens. An acquaintance of hers owns a beautiful home in the Polish countryside and is now involved in an ugly court battle because a government official was so impressed with the property that he began the legal process of taking it for himself.

That sort of outrage would never happen in America, for heaven's sake. This is the land of the free and home of the brave. A place where every man's home is his castle and where the government can't just take property for the heck of it, thanks to a sophisticated system of property rights. At least that's what my sister-in-law and the vast majority of Americans think.

Unfortunately, the truth is far different. The experience of that Polish homeowner isn't much different from what happens every day in southern California. And don't think it's only on the left coast property rights are treated shabbily. Eminent-domain abuses are rampant in every state in America.

In the city of Cypress, a well-kept middle-class community in the north Orange County suburbs of Los Angeles, a large non-denominational church made the tragic mistake of operating with the assumption that this is still a free country. The Cottonwood Christian Center negotiated the purchase of an 18-acre property in a commercial center with zoning that specifically allows the construction of a church.

The church bought the land and developed plans for an attractive architect-designed community center—a first-rate project that would be a considerable improvement over an empty parking lot next to a sprawling racetrack. Trouble started when the church submitted plans to the city to gain the necessary approvals.

City officials had an epiphany. This was the last large tract of vacant land in the city, they realized. If a church builds a facility there it won't pay much in the way of property or sales taxes. So city officials have found every reason to deny the church a permit to proceed with the project, and began shopping the land around to tax-generating companies.

The latest in this long and deceitful process: The City Council, at the urging of the city manager, voted to take the property under eminent domain (while still claiming it is willing to "negotiate" a settlement) and plans to hand it over to developers, most likely at deep discount prices, to build a Costco retail center. The national discount chain is notorious for strong-arming cities into using eminent domain on its behalf.

"It is hubris for the city of Cypress to decide a church isn't the best use of land owned by the church," Assemblyman Ken

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Maddox said. "In the Soviet Union, Stalin seized churches and turned them into museums. Cypress seizes a church and wants to turn it into a Costco. At least Stalin looked for something with artistic merit."

Maddox is one of only a handful of elected officials willing to speak out against a process that has become so commonplace that many officials can't understand why the Cottonwood issue is even controversial. It's not just a possible "taking" that's at issue, but an entire taxpayer-funded smear campaign by a city against a property owner. Cypress has launched a public-relations crusade against the church for defending a concept of property rights that city officials view as arcane.

Taxpayer money is spent to pay for a push poll designed to show the true benefits of kicking the church off its land. A pricey city-sponsored public effort is bashing the church and implying that religious fanatics are selfishly trying to build something that will deprive the city of needed revenue to pay for parks, schools, senior centers, after-school programs, and more.

It always creeps me out when life resembles an Ayn Rand novel, but that's exactly what's happening here. Craven officials are allied with looting companies to defame and then rob a group of people who are trying to live their own lives their own way on their own property.

Fiscal Crisis Invoked

Sophisticated supporters of the city make an argument that's used repeatedly on behalf of the many cities that operate this way. Tax-limiting Proposition 13, the California ballot initiative that capped property tax increases unless approved by a two-thirds vote, limited city revenues, they say. Furthermore, the state of California has repeatedly dipped into funds belonging to cities to pay for state priorities. Given this fiscal "crisis," cities have no other choice but to turn to sales taxes as a way to pay for needed services. So cities must use eminent domain to assure that every piece of developable land has its tax potential maximized.

Actually, the local budget "crisis" isn't that different from the national one—it's a question of too much spending rather than too little revenue. In California cities, cops routinely make six-figure salaries, bureaucracies are huge and expanding, city halls are gilded palaces, union featherbedding is rampant, and officials spend money on open-space acquisition and other costly amenities with frightening abandon.

Municipal-finance experts in California correctly refer to the "fiscalization of land use." Governments have immense power over what gets built where, and they use it to approve only those projects that bring in the most tax revenue. This has exacerbated the housing problem in southern California, because cities view housing as a drain on their resources and therefore force homebuilders to make all sorts of concessions before getting approvals. But coveted retail complexes—1 percent of the sales tax goes into city discretionary budgets—are lured with ridiculous subsidies and promises of using eminent domain on their behalf.

This is accomplished through California's 1950s-era redevelopment law. Other states have similar laws called different things. In California, the good-government "liberals" wanted to come up with a way to help cities clean up blighted neighborhoods. Every city can start a redevelopment agency, which is technically separate, but operates as a city department. In almost every case, the city council is the agency's governing body.

Simply put, agencies can declare areas blighted, based on the broadest possible standards. Once an area is blighted, and the city goes through an official hearing process, every increase in property value—called tax increment—goes directly into the agency's budget. Debt can be floated without a public vote. Tax dollars are used to subsidize developers, pay for consultants, and acquire land. Agencies gain eminent-domain powers to take property from one private owner and give it to another.

The details are complicated but the concept is simple. Government officials are granted central-planning and confiscatory powers that would make a Soviet commissar

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jealous. It's such a handy development tool that few cities can resist using it. So the bulk of major development projects, especially in the more densely populated areas where land isn't sitting fallow, are driven by city officials who serve as land-clearing agencies for big developers. The process is rarely about blight removal and mainly about finding ways to turn areas that produce little tax revenue (that is, your church or older neighborhood) into sales-tax bonanzas (that is, strip malls). No wonder southern California is an endless sea of Wal-Marts, Costcos, and Home Depots.

It's just too difficult to assemble 15-acre tracts without using eminent domain, according to a development specialist who handles land acquisition for Costco. In other words, companies are unwilling to play by the rules of the free market, where buyers must cajole willing sellers to part with their properties. It's so much easier to have government thugs just take the land and hand it to you on a platter, with taxpayers picking up much of the tab.

Just Compensation?

Wait a minute, critics often say. It may not be nice to use eminent domain for private purposes, but in America the courts still insist that property owners get paid just compensation. (Of course, under the U.S. Constitution takings can be only for "public use.")

Yes, property owners are reimbursed. Those who play ball with the city often get amounts that approach gifts of public funds. Those who try to defend their businesses, however, often get subjected to vicious hardball tactics. It's not unusual for victims of eminent domain to spend years in court trying to get just compensation. And what about people who plain old don't want to sell their property? They like their neighborhood or have built up a good reputation with their business. Why should they have to move? Besides, cities refuse to pay for the value of businesses' goodwill, paying instead only the assessed value of the accumulated property and business equipment.

Not far from Cypress is Garden Grove, a working-class, immigrant-heavy city filled with small businesses and older, decently maintained tract neighborhoods. Yet city officials don't like its down-market reputation and are trying to capitalize on its location close to Disneyland. So officials are using redevelopment to remake much of the entire city. Until public outrage forced the city to back down, officials were looking to drive 1,000 families out of their homes, possibly to make room for a theme park. By their own admission, city officials are marching along the major commercial boulevards and driving small companies out of business, with the hopes of luring new hotels that draw overflow tourists from the Anaheim resort area.

This is horrible on any number of levels. The city is amassing a large public debt to pay for projects of questionable long-term value. Many of the proposed projects have become embarrassing busts, such as a major hotel that nearly went bankrupt until the city poured in additional millions to prop it up.

The process also has exacerbated blight, given that property owners are less apt to fix up their homes and businesses when they know that they are being targeted for extinction. Most disturbing, though, is the way the city puts the screws to victims of eminent domain when it comes time to pay fair market value.

One couple, Joseph and Yae Hong, operated a successful car-rental business along Garden Grove Boulevard. The company had a ten-year lease on the property and brought in about $2 million a year, but the city offered them $16,000 for the entire operation after condemning it. The Hongs were forced out of business and ran up tens of thousands of dollars in debt to fight for a better deal. A court eventually awarded the Hongs nearly $1 million but only after a long period of pure misery. And they were forced to move to a less desirable location.

In 1997 Garden Grove took a Romanian couple's small business and offered $640,000 for a property the couple had purchased in 1990 for $778,000 and zero for the business itself, which the couple had pur-

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chased for $100,000. These are two typical examples of what goes on. In one attempted use of eminent domain in Anaheim, the company doing the appraisal had a financial interest in the final project. Wouldn't that be great if you could appraise a property that you wanted to buy?

I could go on and on with examples. I've seen blight designations for modern shopping centers, newer housing developments, and even for vacant land. Blight is whatever a city says is blight, even though California and federal courts have finally added a few needed limits after cities went way over the line in justifying blight designations. (For example, the rural enclave of Mammoth Lakes declared land blighted because of excessive urbanization).

Essentially, cities can take any property anywhere within their city limits and give it to other private owners for virtually any reason. It's terrible in many other places. One Illinois agency offers one-stop shopping for businesses that want to take someone else's property. Just fill out a form designating the property you want and the agency will see what it can do.

It's all in the name of the common good, of course. Cities need tax revenue and churches don't pay any. Small car-rental businesses aren't nearly as attractive as fancy new discount centers. Neighborhoods with 1960s tract houses don't impress the tourists as much as a new theme park.

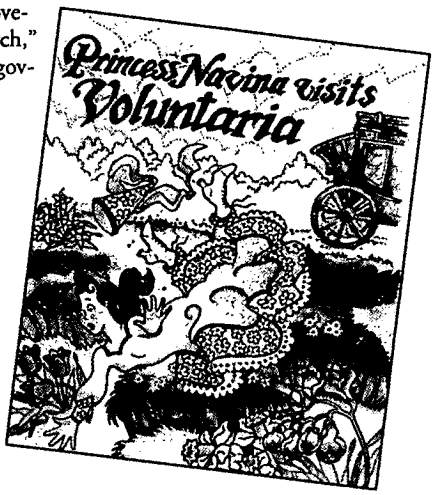
Now what was that again about America being a beacon of freedom and property rights? Surely things can't be this bad in Poland. □

OOPS! We Can't Find the Government!

Princess Navina has spent her young life studying the governments of other lands, but in Voluntaria she draws a blank. Reacting against their history of past violence, the people of Voluntaria have sworn off using force to manage society. As a result, they have none of the political fixtures of the modern world: no taxation, no regulation, no laws... and no lawyers!

How do they solve the problems of daily life without depending on politicians? The solution is so simple one wonders why no one has thought of it before.

Political scientist Jim Payne, the creator of the Princess Navina series, has written fourteen books on topics ranging from the Peruvian labor movement to the U. S. Congress. "After 41 years of research," he says, "I think I've figured out what's wrong with government and what we can do about it. I've put the answer in fictional form to engage youthful minds without distressing elderly ones."



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Underdeveloping Indiana

by Manuel F. Ayau Cordón

The people of the 50 states of the United States (5 percent of the world's population) produce 31 percent of the world's gross product of goods and services. Think of the United States as a world in itself, composed of 50 countries with open borders and no restrictions on trade between them. In this world, no limits exist on immigration, enabling people to vote with their feet. There is also considerable diversity in the laws among the states because most legislation is not "harmonized."

Now let us imagine what it would mean to Indiana if it adopted the trade policies common to most underdeveloped countries.

Imagine that Indiana established tariffs and other trade restrictions to provide a new source of revenue, protect local industry (principally steel and autos)—as well as its agriculture—from competition by other states, attract more industries to create jobs, and make sure that Indiana does not have a negative balance of trade.

The first step would be for the government to purchase the required real estate on its periphery to build customhouses where all highways and rail lines enter Indiana from Michigan, Ohio, Kentucky, and Illinois, as well as at ports on Lake Michigan. And don't forget the airports where flights from other states come in.

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Look at a map in order to appreciate the extent of the task. Indiana would have to build warehouses at train sidings, roads, airports, and ports to unload, inspect, and reload imported goods from the other states. Then it would have to staff these facilities with customs inspectors to apply the proper tariffs established in its newly created Customs Code. A Bureau of Customs would have to be staffed with personnel adequately trained and prepared for the required tasks; they would have to be specially screened and supervised to avoid bribery and smuggling from other states. The new bureaucrats would naturally have to come from previously productive occupations—and their products be forgone.

Given the present demand for goods, the new additional handling and production costs could not simply be passed on to the consumer, so marginal production would be abandoned. Thus, thanks to the diminished supply of goods and the diminished competition from out of state in the market for raw materials and industrial supplies, prices would rise. Real wages would thus be correspondingly lowered.

New investment opportunities would immediately arise to exploit the competitive advantage of local production over imported goods subject to duties and extra expenses. The duties would be set high enough so that protected firms could attract workers from their current occupations. The old activities would have to be abandoned because they

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couldn't compete for workers and capital with the more profitable protected industries.

An Intra-American Free Trade Area (IAFTA) would seem to be in order, with the corresponding Protocol with the List of Exceptions to let some things in duty free, provided that they didn't compete with local manufacturers. Goods manufactured in the free-trade area with imported materials and components would get credit for the duties paid on the foreign component. In other words, duties would be assessed according to rules of origin and only on the internal value added. Imports to Indiana made with components or raw materials originating in Indiana would be taxed only on the value added by the other states. Once the initial learning period ended, the war on the newly created crime of smuggling would be undertaken with full vigor and nationalistic zeal. Fines and punishments would be applied with force to violators by the newly established, all-powerful Anti-Smuggling Task Force.

Restriction on Exploitation

Special restrictions such as punitive duties could be adopted for humanitarian and economic reasons to punish other states that exploited their workers by paying less than Indiana's union wages, that did not have adequate environmental laws, or that had right-to-work laws. In addition, since those practices constitute unfair competition, appropriate reprisals would be applied to dumping. As the delinquent states raised their wages to adequate levels, treaties would permit the gradual reduction of the duties, provided those states reciprocated.

To prevent the collapse of businesses threatened with imports from states that tax their citizens in order to subsidize their exports, Indiana would establish new taxes to aid such threatened enterprises and thus neutralize the aggressor's artificial competitive advantage. Alternately, were that considered politically inconvenient, the state could raise duties further to prevent the cheaper goods from coming into Indiana and thus allow threatened industries to sell at higher prices than the subsidized cheaper goods from foreign states. The price increment would in effect constitute a subsidy directly paid to the threatened industries without the government acting as middleman.

A new State of Indiana Department of Commerce, under a State Secretary of Commerce, would be entrusted with keeping accurate statistics of imports and exports in order to allow the government to take timely measures when trade imbalances threatened its economy, and to negotiate fast-track trade agreements with other states. If things didn't go well and the situation became critical, Indiana could appeal to the Federal Reserve Bank for a contingency loan and, if refused, could try the IMF or the World Bank, with the advantage that these would also provide advice on how to correct the situation, as long as Indiana raised taxes and adopted the reform plan they suggested. Better still, in a pinch it could apply for one of those nonreimbursable loans, or have the citizens of other states establish a program of foreign aid to help Indiana; and if all else failed, it could devaluate the Indiana Buck.

Other states could either keep their borders open to Indiana or retaliate and likewise establish customhouses where things coming from Indiana would be searched, inspected, and taxed, while those coming from other states would be allowed to pass free, as if there were a free-trade treaty among the other 49 states.

One day a citizen might complain that his property rights were violated because, before the establishment of the new policies, the government of Indiana had not questioned his right to peacefully dispose of his legitimately acquired possessions by exchanging them for the property of other persons living in the other states. Now, suddenly each of his trades had become the concern of the government because it was no longer considered a private transaction between two people, but a trade between Indiana and some other state. This person might start a movement to recover his property rights, but by that time the many pressure groups and the

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anti-globalization forces—including workers and owners in the protected industries that had prospered as a result of the new policies—would become politically strong and successfully lobby to prevent free trade and the globalization of Indiana.

Sounds crazy? Well, it is. The question then is: Why give foreign aid to bail out countries that persist in doing such dumb things as raising tariffs to protect their businessmen from foreign competition, imposing unnecessary costs on their citizens, forcing their own poor to subsidize inefficient producers, and financing the dead weight of the uneconomic diversion of workers, capital, and other resources from activities that don't need protection—who then go out begging for help? □

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The Federal Prison Industries Empire

Imagine a company that pays its workers as little as 25 cents an hour and often charges more for its goods than any of its competitors, even though it pays no taxes or dividends. The marketplace would put such a firm out of business before it got off the ground, probably before government regulators even found out about it.

Yet an outfit that does all that really exists. It's not a private one operating in a free market. It's a half-billion-dollar government enterprise that wants to get bigger, at the expense of taxpayers and the jobs of workers in the private sector. Welcome to the world of Federal Prison Industries, Inc., or FPI—a unit of the U.S. Justice Department.

More than 22,000 inmates in over 100 of the nation's correctional facilities make up the captive work force of FPI. They make clothing, electronic and vehicle components, furniture, industrial items, and many other things—nearly 300 different products in all.

The idea of convicts working at something while doing their time is laudable. States often employ them to maintain and refurbish the very facilities that house them, or to produce goods and services for sale to each other, or to keep roadsides free of litter. An argument can be made that as an alternative to idleness, putting inmates to work, educating and training them for skilled jobs when they leave prison, is a good public investment—and some of that happens in federal prisons right now. But FPI is controversial because there's much more going on than just keeping prisoners busy and out of trouble.

When the proceeds of inmate work are used for restitution in behalf of victims or for covering the costs of their incarceration, some good accrues. But for practical reasons, there's pitifully little in effective restitution in our judicial and penal systems. And FPI income is not earmarked for the costs of incarceration at all. The taxpayer-funded Bureau of Prisons (BOP) picks up the tab for food, housing, recreation, education, health care, and security. Federal rules also prohibit the use of FPI revenues for the construction or acquisition of prisons. BOP (read: taxpayers) provides all the land and buildings for FPI facilities, rent-free, and even provides free power and water. When FPI wants to expand, the funds to do so don't come from inmate work; the BOP simply uses your tax money and mine to pay for it.

Economist David Martin explains some of FPI's other advantages: "It pays no social security tax nor does it pay for unemployment insurance or workers compensation. It carries no insurance for property damage, product liability, or other customary business loss exposure. . . . It is exempt from all federal and state income taxes, gross receipts tax, and property tax. . . . It doesn't have to deal with federal and state regulations of

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such things as occupational safety and health, pollution, employment discrimination, and the hiring of illegal aliens." This isn't the first instance of Congress exempting itself or the entities it creates from its own rules, but the special privileges for FPI don't end there.

FPI enjoys preferential treatment in government contracts. Indeed, "monopoly" more aptly fits its status. Federal regulations since 1934 designate FPI as a mandatory supplier to the federal government, which means that federal agencies must purchase from FPI, and private firms that sell the same or similar products are cut out altogether, unless FPI itself grants a waiver.

This monopoly privilege puts FPI in an extraordinary position. It determines whether its products and its own delivery schedule actually meet the needs of the purchasing agency. If a federal agency wants something, and FPI makes it, FPI sets the terms. An agency can even be denied the right by FPI rules to conduct market research to find out if private industry can supply a better and cheaper product.

U.S. Senator Carl Levin points out that "many federal agencies have been forced to purchase products that cost more, and perform less well, than products that are available to the rest of us in the commercial marketplace." He cites the General Accounting Office (GAO), which compared FPI prices for 20 representative products to prices for identical or comparable products in the catalogs of private vendors. The GAO found that for almost half the products reviewed, FPI charged a higher price than most or all of the private vendors—who unlike FPI must pay taxes to governments, dividends to shareholders, and market wages to employees. When federal agencies made those costly purchases, they did so with taxpayer dollars.

Inferior Goods

Such poor policies and practices do harm even to the federal government's core responsibility—providing efficient and effective national defense. The U.S. Navy testified that what it buys from FPI is "inferior, costs more, and takes longer to procure" than comparable goods produced by the private sector. When the armed services have to spend more than necessary for desks or electronic components for weapons systems, they have less to spend for planes and bullets.

FPI's heavy-handedness has hurt companies and workers who sell goods to the government. For example, an Alabama company supplying military field jackets to the armed services was forced to close a plant and fire 300 employees when FPI decided to dramatically increase its share of that market.

FPI is poised for significant expansion. It now claims, without citing any statutory authority, that it can offer its goods in the private marketplace to firms that do business with the government. It also claims it can sell services (like packaging or data entry) in the private marketplace without limitation. Legislation offered by Michigan representative Peter Hoekstra would nip FPI's ambitious expansion plans in the bud by requiring it to compete for federal contracts (stripping away the requirement that federal agencies buy from it) and prohibiting it from selling in the private marketplace.

Unfair competition from privileged agencies of government is nothing new, but when it comes from prisoners doing time because they broke the law at the expense of taxpaying, law-abiding citizens, both fairness and economics demand that something be done about it. □

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Michael Bellesiles and Guns in the Early Republic

by Clayton E. Cramer

Professor Michael A. Bellesiles's *Arming America: The Origins of a National Gun Culture* makes the claim that hunting with guns was rare in America before the 1830s.[1] According to Bellesiles, few Americans hunted, few Americans wanted guns, and few Americans owned guns in the early Republic (the period from the American Revolution to 1846). What guns were present were often old, rusty, or otherwise wall hangers. Similarly, Bellesiles tells us that hunting until the 1840s was done almost entirely by a small number of professional market hunters or by Indians. Most Americans, even on the frontier, Bellesiles claims, did not hunt.[2]

As evidence for this claim, he reports, "an examination of eighty travel accounts written in America from 1750 to 1860 indicate that the travelers did not notice that they were surrounded by guns and violence."[3] In a previous article, I gave examples of four of these accounts, by Baynard Rush Hall, Anne Newport Royall, Ole Rynning, and Charles Augustus Murray, that Bellesiles misrepresented or distorted; all four reported guns and hunting as commonplace—in some cases, nearly universal—activities.[4] The present article reports on eight more accounts that Bellesiles claims to have read—and that all portray an early Republic awash in guns and hunting.

One of those "eighty travel accounts" is William N. Blane's *An Excursion through the United States and Canada, during the Years 1822–3*. Blane mentioned guns and hunting on at least 22 pages, and his remarks make it clear that these were not unusual occurrences. On the road across the Appalachians he described his first encounter with rifles in the hands of some hunters. "As one of them, an old man, was boasting of his skill as a marksman, I offered to put up a half-dollar at a distance of fifty yards, to be his if he could hit it. Accordingly, I stepped the distance, and placed the half-dollar in the cleft of a small stick, which I thrust into the ground. The hunter, slowly raising his rifle, fired, and to my great astonishment, struck the half-dollar."[5]

Rifles were common in the backcountry. According to Blane, "Go to what house I might, the people were always ready to lend me a rifle, and were in general glad to accompany me when I went out hunting."[6] Blane described going squirrel hunting with an American on an island in the Ohio River, and how the Americans were engaged in a losing battle to exterminate these pests: "In parts of Ohio, the people attempted to destroy them by means of guns, dogs, and clubs. One party of hunters, in the course of a week, killed upwards of 19,000. . . . The people are very fond of the flesh of the squirrel, roasting it, and making it into pies, soups, &c. . . ."[7]

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Blane's description of the backwoodsmen of the United States observed: "Every boy, as soon as he can lift a rifle, is constantly practicing with it, and thus becomes an astonishingly expert marksman. Squirrel shooting is one of the favorite amusements of all the boys, and even of the men themselves." Blane wrote an additional two pages about the impressive marksmanship skills of the backwoodsmen, remarking, "in these immense forests, where every tree is a fort, the backwoodsmen, the best sharp shooters in the world, constitute the most formidable military force imaginable."[8]

Americans hunted birds as well, and Blane described the normal procedure by which Americans hunted the prairie grouse. "They are delicious eating, and are killed in great numbers by the unrivalled marksmen of this country. After driving up a flock of these birds, the hunter advances within fifteen or twenty yards, raises his long heavy rifle, and rarely misses striking the bird on the head." After admitting that he was not as good a shot, and had to resort to shooting the prairie grouse through the body, "the Backwoodsmen regarded my unsportsmanlike shooting with as much contempt, as one of our country squires feels, when a cockney shoots at a covey of partridges on the ground."[9] Blane also described the astonishment when he informed Americans that British game laws prohibited hunting deer in public lands, and even limited hunting on one's own land to the wealthy. "Such flagrant injustice appeared to them impossible. . . ."[10]

Western Journey

Bellesiles read Fortescue Cuming's *Sketches of a Tour to the Western Country,* which described a journey through Pennsylvania, Ohio, and Kentucky from 1807 to 1809, and claims that Cuming was one of these travelers who "did not notice that they were surrounded by guns and violence." Throughout his journey Cuming mentioned, with no surprise, widespread use of guns for sport, subsistence hunting, and self-defense. Cuming also distinguished between subsistence hunting and hunting for market, yet he still suggested that subsistence hunting was common, not rare.[11] In Kentucky, Cuming describes how abundant the wildlife of the area remained, even after settlement by reporting "that little or no bread was used, but that even the children were fed on game; the facility of gaining which prevented the progress of agriculture. . . ."[12]

Even though Cuming was a hunter,[13] he expressed his admiration for the superior marksmanship of western Pennsylvanians and Virginians: "Apropos of the rifle. The inhabitants of this country in common with the Virginians, and all the back woods people, Indians as well as whites, are wonderfully expert in the use of it: thinking it a bad shot if they miss the very head of a squirrel, or a wild turkey, on the top of the highest forest tree with a single ball; though they generally load with a few grains of swan shot, with which they are equally sure of hitting the head of the bird or animal they fire at."[14]

Isaac Weld's account of his travels in North America between 1795 and 1797 is another of those that Bellesiles claims shows an "absence of discussion about guns."[15] Weld's account described how rifles worked for his British audience, who would have been unfamiliar with rifled weapons. Weld told how:

> An experienced marksman, with one of these guns, will hit an object not larger than a crown piece, to a certainty, at the distance of one hundred yards. Two men belonging to the Virginia rifle regiment, a large division of which was quartered in this town during the war, had such a dependence on each other's dexterity, that the one would hold a piece of board, not more than nine inches square, between his knees, whilst the other shot at it with a ball at the distance of one hundred paces. This they used to do alternately, for the amusement of the town's people, as often as they were called upon. Numbers of people in Lancaster can vouch for the truth of this fact. Were I, however, to tell you all the stories that I

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> have heard of the performance of riflemen, you would think the people were most abominably addicted to lying.[16]

Weld also discussed rifle manufacturing, the use of rifles for hunting,[17] and how in the backcountry, "The people all travel on horseback, with pistols and swords. . . ."[18]

While discussing hunting, Weld compared Canadian hunters to their American counterparts: "The people here, as in the back parts of the United States, devote a very great part of their time to hunting, and they are well skilled in the pursuit of game of every description. They shoot almost universally with the rifle gun, and are as dexterous at the use of it as any men can be."[19] The difference between Americans and Canadians, according to Weld, was that Canadians imported their rifles from England, and preferred larger caliber hunting weapons.

Another of Bellesiles's "eighty travel accounts" is Francis Baily's *Journal of a Tour in Unsettled Parts of North America in 1796 & 1797*. Yet Baily's account is full of guns and hunting, including not only his own, but also those of the Americans whom he met. Baily portrayed boys hunting—with guns—in what were to become the main streets of the nation's capital,[20] and described both Fredericktown and Hagerstown, Maryland, as centers of rifle manufacturing and sales. He bought rifles in Hagerstown.[21]

Like Cuming, Baily spoke of the Kentuckians as living largely "upon deer and turkeys, which they shoot wild in the woods. . . ."[22] He also described Kentuckians' hunting black bears with rifles.[23] Baily was surrounded by guns and by hunting. At no point did Baily give any indication that either was unusual.

Sunday Gunning

Bellesiles also cites Caroline Kirkland's *A New Home—Who'll Follow?* as one of his sources for this gunless America. Yet Kirkland's account gives many indications that guns and sports involving guns were widespread. Discussing the problems of church attendance, "Preachers belonging to various denominations have, from the beginning, occasionally called meetings in the little log school-house, and many of the neighbours always make a point of being present, although a far greater proportion reserve the Sunday for fishing and gunning."[24]

Kirkland mentions long guns, pistols, and hunting in a manner that suggests that they were normal enough parts of frontier life.[25] The only gun described as old or rusty in Kirkland's book belonged to her "neighbour, long Sam Jennings, the slowest talker in Michigan, [who] came sauntering across the yard with his rusty fowling-piece on his shoulder. . . ." It would appear, from the fact that Kirkland described him as heading into the woods with this rusty gun, that it was still functional.[26]

Kirkland mentioned hunting as unremarkable, commenting on a neighbor whose husband's love of hunting left her alone and neglected.[27] She also reported that in the woods, "The division of labour is almost unknown" and "in absolutely savage life, each man is of necessity his own tailor, tent-maker, carpenter, cook, huntsman, and fisherman. . . ."[28]

Bellesiles included naturalist John James Audubon's *Delineations of American Scenery and Character* on his list of travel accounts, and this is perhaps the most disturbing example of Bellesiles misreading of a source. On page 3 Audubon described traveling along the Ohio River: "The margins of the shores and of the river were at this season amply supplied with game. A Wild Turkey, a Grouse, or a Blue-winged Teal, could be procured in a few moments; and we fared well, for, whenever we pleased, we landed, struck up a fire, and provided as we were with the necessary utensils, procured a good repast."[29]

Not surrounded by guns? Audubon described his preparations for a trip in the forests of Pennsylvania, including "25 pounds of shot, some flints . . . my gun *Tearjacket*."[30] (It would appear that everywhere that Audubon went, his gun was sure to follow.[31]) His trip included hunting in the forest with a friend: "The juicy venison, excel-

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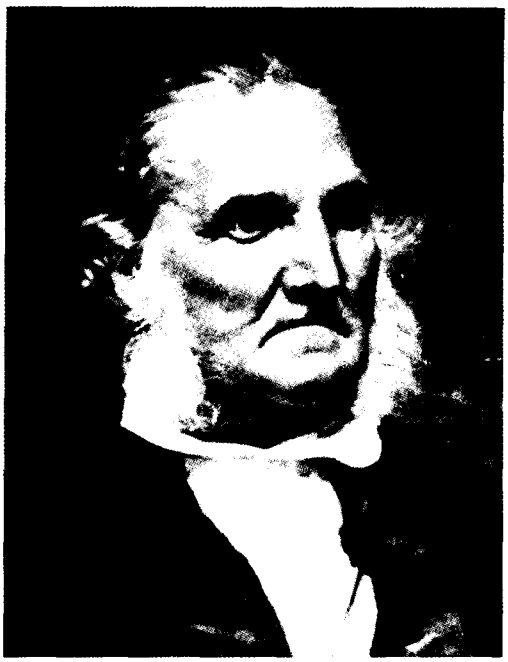
lent bear flesh . . . that daily formed my food, methinks I can still enjoy."[32] He depicted what this area must have been like before settlement: "Bears and the Common Deer must have been plentiful, as, at the moment when I write, many of both kinds are seen and killed by the resident hunters."[33] Audubon described an incident in which eight bears wandered into a clearing, driving away the woodsmen. "Down they all rushed from the mountain; the noise spread quickly; rifles were soon procured and shouldered; but when the spot was reached, no bears were to be found. . . ."[34]

Audubon's chapter on "Navigation of the Mississippi" described how boatmen would stop along the way when logs blocked their path. "The time is not altogether lost, as most of the men, being provided with rifles, betake themselves to the woods, and search for the deer, the bears, or the turkeys, that are generally abundant there."[35]

Audubon described the flood stage of the Mississippi and the Ohio Rivers, and how "Bears, Cougars, Lynxes, and all other quadrupeds that can ascend the trees" were trapped at the top. "Fatigued by the exertions which they have made in reaching the dry land, they will there stand the hunter's fire, as if to die by a ball were better than to perish amid the waste waters. On occasions like this, all these animals are shot by hundreds."[36]

How common was hunting? Audubon described a squatter's cabin, and how squatters, "like most of those adventurous settlers in the uncultivated tracts of our frontier districts . . . [are] well versed in the chase, and acquainted with the habits of some of the larger species of quadrupeds and birds." Audubon then wrote about going cougar hunting with a party of squatters. "Each hunter now moved with caution, holding his gun ready. . . ."[37]

Audubon told of a young couple's home in the backwoods, and while he emphasized how their clothes and furniture were "homespun" and "of domestic manufacture," a "fine rifle ornamented the chimney-piece."[38] Audubon described another family in the Louisiana bayous, but in this case, runaway



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John James Audubon (1785–1851)

slaves. Their food supply came from wild plants and deer. "One day, while in search of wild fruits, he found a bear dead before the muzzle of a gun that had been set for that purpose. . . . His friends at the plantation managed to supply him with some ammunition. . . ."[39]

Burning Forest

A chapter about how the burning of forests changed the nature of the trees that grew there described an immense forest fire in Maine, and how the settlers responded to the fire that awakened them one night. "We were sound asleep one night, in a cabin about a hundred miles from this, when about two hours before day, the snorting of the horses and lowing of the cattle which I had ranging in the woods suddenly awakened us. I took yon rifle, and went to the door to see what beast had caused the hubbub. . . ."[40]

A chapter on Kentucky sports described how Virginians moved into the Kentucky frontier. "An axe, a couple of horses, and a heavy rifle, with store of ammunition, were all that were considered necessary. . . ."[41]

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Of the 80 accounts Bellesiles claims to have read, I have read 12. All 12 show that guns, violence, or hunting were either common or unremarkable, exactly opposite to Bellesiles's claims.

Kentucky sports included target shooting with rifles, and Audubon spent four pages describing practices quite similar to Gosse's account of "driving the nail" in 1830s Alabama.[42] This form of target-shooting was apparently not a new practice, nor specific to the New World. *Mourt's Relation* concerning Plymouth Colony and published in 1622, used this target-shooting practice as a metaphor for his writing: "though through my slender judgment I should miss the mark, and not strike the nail on the head. . . ."[43]

Audubon was clearly a gun enthusiast. When a new acquaintance offered to show him the new percussion cap method of firing a gun, Audubon was anxious to see it. His friend demonstrated that it could fire under water by loading and firing it in a basin of water—inside the house.[44]

Guns were a fundamental part of how Audubon was able to produce his beautiful works on natural history. "I drew and noted the habits of every thing which I procured, and my collection was daily augmenting, as every individual who carried a gun always sent me such birds or quadrupeds as he thought might prove useful to me."[45]

Hunting? Audubon devoted a whole chapter to "Deer Hunting" with rifles, distinguishing "still hunting" from "firelight hunting," and "driving." "*Still Hunting* is followed as a kind of trade by most of our frontier men. To be practiced with success, it requires great activity, an expert management of the rifle, and a thorough knowledge of the forest. . . ."[46] Another section described alligator hunting: "A rifle bullet was now and then sent through the eye of one of the largest. . . ."[47] Audubon devoted an entire chapter to "The Moose Hunt" in 1833 Maine, and of course, the hunt was with guns.[48] Similarly, an entire chapter is devoted to "A Racoon [sic] Hunt in Kentucky," which was carried out with rifles; it includes a detailed and picturesque description of rifle loading.[49] Violence, much of it involving guns in offense or defense, is also not in short supply in Audubon's book.[50]

Bellesiles might have made the case that Audubon's travels and experiences were atypical, but to list this book by Audubon as an account that shows "the travelers did not notice that they were surrounded by guns and violence" defies explanation.

Bellesiles also cites a travel account by Charles Dickens to prove his claim, and yet Dickens's account, like Audubon's, is awash in guns and gun violence.[51] (Space precludes a discussion of gun violence that Bellesiles seems to have missed in his travel accounts.)

Of the 80 accounts Bellesiles claims to have read, I have read 12: Audubon, Baily, Blane, Cuming, Dickens, Hall, Kirkland, Maryatt, Murray, Royall, Rynning, and Weld. Bellesiles quotes selectively and out of context from some, and misreads others. He apparently skipped whole sections of Baily, Blane, Cuming, Murray, and Hall's books, and nearly all of Audubon's.

All 12 show that guns, violence, or hunting were either common or unremarkable, exactly opposite to Bellesiles's claims. It would be interesting to read the other 68 travel accounts to see how many others Bellesiles read so carelessly—but why bother? These 12 *clearly* demonstrate that the travelers knew that guns, violence, hunting, and combinations of the three surrounded them. You don't have to bite into every chocolate in the box when 12 of the first 12 you pick have worms in them.

When Aaron Burr was tried for his criminal conspiracy in a plot to detach the Southwest into its own country, one of the pieces

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of evidence used against him was a meeting of one Harmen Blannerhassett with a number of other conspirators—all of them armed. Burr's defense attorney's argument is completely contrary to Bellesiles's claim about the early Republic:

> If there were evidence of a merely friendly meeting, it would be the same as if there were no assemblage. If they were to give evidence that Blannerhassett and some of those with him were in possession of arms, as people in this country usually are, it would not be sufficient of itself, to prove that the meeting was military.
>
> Arms are not necessarily military weapons. Rifles, shot guns and fowling pieces are used commonly by the people of this country in hunting and for domestic purposes; they are generally in the habit of pursuing game. In the upper country every man has a gun; a majority of the people have guns everywhere, for peaceful purposes. Rifles and shot guns are no more evidence of military weapons than pistols or dirks used for personal defence, or common fowling pieces kept for the amusement of taking game. It is lawful for every man in this country to keep such weapons.[52]

It is certainly possible that Burr's defense attorney was mistaken in his characterization of the level of gun ownership and hunting in America. It seems most unlikely, however, that he would make such claims if he did not believe that this argument would be persuasive.

To persuade us that early Americans did not commonly own and use guns, Bellesiles would need powerful evidence of widespread self-delusion. Perhaps Bellesiles is right and dozens of eyewitnesses are wrong. Somehow, I don't think so. □

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4. Clayton E. Cramer, "Arming America," *American Rifleman*, January 2001.
5. William N. Blane, *An Excursion through the United States and Canada, during the Years 1822–3* (New York: Negro Universities Press, 1969 [1824]), p. 88.
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7. Ibid., pp. 95–96.
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9. Ibid., pp. 173–74.
10. Ibid., p. 175.
11. Fortescue Cuming, *Sketches of a Tour to the Western Country Through the States of Ohio and Kentucky; A Voyage Down the Ohio and Mississippi Rivers . . .* (Pittsburgh, 1810), pp. 30, 42, 114, 118, 135.
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15. Bellesiles, p. 306.
16. Isaac Weld, *Travels Through the States of North America, and the Provinces of Upper and Lower Canada, During the Years 1795, 1796, and 1797* (London: John Stockdale, 1807), 1:118–19.
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18. Ibid., 1:234.
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20. Francis Baily, *Journal of a Tour in Unsettled Parts of North America in 1796 & 1797*, ed. Jack D.L. Holmes (Carbondale, Ill.: Southern Illinois University, 1969), pp. 39–40.
21. Ibid., pp. 41–43.
22. Ibid., 91.
23. Ibid., pp. 97–98.
24. Caroline Matilda Kirkland, *A New Home—Who'll Follow? Or, Glimpses of Western Life* (New York: C. S. Francis, 1839), pp. 215–16; http://etext.lib.virginia.edu/toc/modeng/public/Eaf240.html.
25. Ibid., pp. 13, 45, 126, 130, 201, 253.
26. Ibid., p. 192.
27. Ibid., pp. 108–109, 209.
28. Ibid., p. 123.
29. John James Audubon, *Delineations of American Scenery and Character* (New York: G. A. Baker & Co., 1926), p. 3.
30. Ibid., p. 6.
31. Ibid., pp. 8, 14, 76, 117.
32. Ibid., pp. 7–9.
33. Ibid., p. 11.
34. Ibid., p. 12.
35. Ibid., p. 26.
36. Ibid., p. 33.
37. Ibid., pp. 41–47.
38. Ibid., p. 82.
39. Ibid., p. 122.
40. Ibid., p. 206.
41. Ibid., p. 57.
42. Philip Gosse, *Letters from Alabama* (London: Morgan & Chase, 1859), pp. 130–31, 59–63.
43. Dwight B. Heath, ed., *Mourt's Relation: A Journal of the Pilgrims at Plymouth* (Bedford, Mass.: Applewood Press, 1963), p. 88.
44. Audubon, p. 88.
45. Ibid., p. 93.
46. Ibid., pp. 68–75.
47. Ibid., pp. 177.
48. Ibid., pp. 210–16.
49. Ibid., pp. 281–6.
50. Ibid., pp. 16–22.
51. Charles Dickens, *American Notes for General Circulation* (London: 1842), pp. 185–86, 215, 275–82, at http://etext.lib.virginia.edu/toc/modeng/public/DicAmer.html, lists dozens of murders, largely committed with guns.
52. David Robertson, *Reports of the Trials of Colonel Aaron Burr* (New York: Da Capo Press, 1969 [1808]), 1:582.

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IDEAS ON LIBERTY
SEPTEMBER 2002

Living with Mass Transit

by Stephen Browne

The foes of the automobile have long sung the praises of mass transit as the savior of Mother Earth. The automobile pollutes and enables human beings to spread out over the surface of the earth, paving over an alarming amount of green land. Automobiles regularly kill more people than all of our wars. It's utter nonsense to invest tremendous resources to create a half-ton or more of metal, glass, and petroleum-derivatives to carry perhaps only a single individual about and which sits idle most of the time anyway, etcetera, etcetera.

Mass transit, it is argued, would carry people about in a more economical and energy-efficient way and would have minimal casualties from accidents. There are those who claim that it would help restore a sense of community, making everyday travel a shared experience again.

Well, as it happens, I live in a European city, Warsaw, with a fairly well-developed mass-transit system of buses, trams, a commuter-rail system, and a suburban light-rail line. Recently it has been improved by the addition of a subway line, currently being extended, with plans for additional lines. I don't have a car.

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More than a few people have noticed that the most prominent American proponents of mass transit all seem to get around in cars, and often chauffeur-driven cars at that. However one can't blame them for not using a system that doesn't exist, and I'm sure that Messrs. Gore and Nader and their cohorts will all be rubbing elbows with the rest of us on the subway trains and light-rail carriages just as soon as they are built. Although I didn't happen to run into Mr. Gore when he was last in Warsaw, I'm sure he enjoyed his trip from Okecie Airport to the Bristol Hotel on bus number 175, affectionately known to us expats as the "pick-pocket express."

Sorry, satiric irony always seems to get me in its grip when I contemplate the logical and well-thought-out plans of the overeducated and underexperienced. I may sound like a broken record, but in any conflict between logic and experience, experience is almost always a better guide. Don't tell me how it would work, could work, or should work—tell me how it works. If there is no direct experience, find me a historical example, and if there isn't any then find me a close analogy.

In this case, how about asking an intelligent and articulate person who lives in a city with a functioning mass-transit system and uses it every day? For example, me. How does it affect one's life to be totally reliant on mass transit for traveling around the city, the country, the continent?

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In the city and surrounding towns, not bad. It's quite nice to be able to live without a car actually. Finding parking can be a frustrating experience. Warsaw was almost completely rebuilt by socialist planners after its destruction in the General Uprising. They didn't plan for so many cars, and consequently people often use the broad sidewalks for parking and get indignant when you walk across the space they are trying to park in. The older apartment buildings, where a storage area/garage comes with each unit, were usually built with tiny European cars in mind, not the big American cars people love so much here. It's also difficult to provide for both curbside parking and bus stops.

What's really lovely is that a whole category of bills is out of your life when you live without a car. And in Poland, especially if you're an expat, there is a world of bureaucratic hassle you don't have to put up with if you don't have one.

Within Warsaw it's not too difficult to get around by tram, bus, and metro, and you can buy a reasonably priced monthly pass to ride on all of them. Commuter trains run fairly frequently to outlying towns and villages for people who only work in Warsaw.

From Warsaw you can reach any number of interesting cities via train in no more than a day and a half, and quite cheaply too. You can also go to Gdansk and take ferryboats, with a wide range of prices and accommodations, all around the Baltic, to Sweden, Finland, and the Baltic States.

So okay, unlike in America I can actually get everywhere I want to go by regularly available mass transit. Is there a downside? I mean, considering that people, even with mass transit available, nonetheless seem to want to get cars whenever they can afford them.

Somebody Else's Schedule

To begin with, you have to adjust your life to somebody else's schedule. Along the most traveled routes the trams/buses come along every few minutes, but 15 minutes here and ten minutes there add up after a while. Considering the time spent walking to and from the nearest stop, plus time spent waiting (and you always have to allow a bit more because the trams and buses are never *precisely* on time), it adds up to quite a few man-hours. A friend of mine with a job that required him to go to several different places every day estimated that he was spending *two-and-a-half hours* a day either on buses or waiting for buses. He has a car now.

This puts a dent in the argument about personal transport not being as efficient as mass transit, though it won't show up in any statistics that government bureaus keep. I strongly suspect that the man-hours lost fiddling around with mass transit might more than cover the man-hours spent manufacturing cars.

Second, during the peak traffic hours the damn things are *crowded*. I don't mean standing-in-a-movie-queue crowded, I mean rubbing-intimate-body-parts-with-strangers crowded. Better in some cities than others for sure, but as a rule riders on the early-morning suburban commuter lines are packed like sardines.

On a visit to Belgrade shortly after the bombing, buses at all hours were so crowded that a pickpocket couldn't have plied his trade, obviously because of a sharp and sudden increase in the city's population. Warsaw buses are much better, but any way you look at it, relying on large passenger vehicles for short-range transport always creates problems with scheduling for different times of day. Either you have too many buses, trams, and subway cars carrying too few passengers or too few of them carrying too many. For economic and budgetary reasons planners have to split the difference and aim for an unhappy medium.

In Lithuania they solved this problem by opening up the market to private ten-passenger minibuses that are allowed to use the same bus stops and route numbers as the city and intervillage buses. In addition, drivers are quite amenable to picking you up or dropping you off at points in between the regular stops. The charge is a local bill in common circulation rather than a ticket or token. This has been so successful that the

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newly privatized large bus companies are now clamoring for protection against their upstart competitors.

Another item that will never show up in the man-hour productivity statistics is a public-health issue. With crowded mass transit, whenever anybody sneezes on a bus or a tram—the city catches cold. Cars actually perform the function of a *cordon sanitaire* for those of us who are not sick enough to skip work without feeling guilty. How many man-hours are lost due to sick time or just lowered productivity because of feeling miserable?

I understand that in Japan it is considered impolite to spread disease—so Japanese with colds wear surgical masks and perhaps gloves while riding mass transit. This is a marvelous custom that I, for one, wish the West would adopt. However, much experience this past century has shown how difficult it is to engineer culture, so I suppose we'll be putting up with boors who cough and sneeze on public transport and hold on to the passenger rail with hands they've just used to wipe their noses with. And from time to time I will be one of those boors no doubt.

Nonetheless I like my city's mass transit. A new subway stop has just opened up directly across from my apartment, and along with the convenience, I get warm fuzzies thinking about what this has done for the rental and resale value of my apartment.

European Style

Aside from areas rebuilt in the Stalinist-era concrete stackaprole style (essentially identical to American housing-project style, only uglier), Warsaw was largely rebuilt in a European style. That is, buildings in the city center are not high, perhaps to eight stories, and are built around a central courtyard. On the street-facing side the first floor contains shops and walk-in businesses. Higher stories are apartments and/or offices. Apartments look down on the interior light well/atrium from the kitchen windows. This means that mothers can send their kids into an area to play that has at least a patch of open sky above, can be monitored, and can be made secure by closing one or two gates.

I don't know if the original structures had such small interior spaces. That tends to cut down on the hours of direct sunlight and makes them rather damp in the colder months. Cities such as Prague and Budapest have lower buildings and broader interior spaces, many of which can support tall trees on the sunlight available.

Anyhow, it turns out that the classical city design is a tremendously efficient way of housing a really dense population with a fair amount of privacy and security. It also means that more of your shopping and errand needs are going to be within convenient bus, tram, subway, and foot distance. As a bonus it tends to focus the attention of people in the shops and businesses on the street, making them more secure.

American cities are not built that way. For good or ill, in our suburbs and smaller towns we seem to reproduce in miniature a neighborhood of English manor houses: a house in the middle of a surrounding yard, and the consequent low population density. The distance between one house and the next isn't great but adds up over the neighborhood. How could each and every suburban home be served by a mass transit stop within a five- or ten-minute walk of every house?

But I don't have those problems. I can go literally everywhere I wish by tram, bus, metro, and a pretty cheap taxi system. Plus an awful lot of places I go are within an easy and pleasant walk.

However, all of that went out the window with the birth of our first child. The biggest drawback of mass transit, is of course, the fact that it limits the loads one can carry. A baby plus support system is a lot of load. It's still nice to have as an option, but lately my enthusiasm for mass transit has dampened a bit.

A few days ago my wife and I had one of those married moments of silent communion when we each had a perfect understanding of what was going through the other's mind. She first broke the silence to express our shared feeling, "So when are we going to get a car?" □

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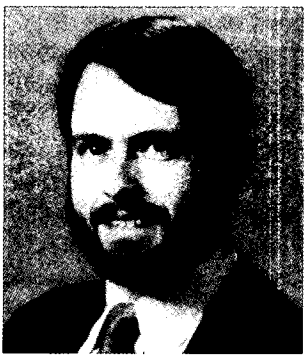

Never Enough?

President Bush's proposed $48 billion military spending increase for next year exceeds what any other nation devotes to the military. In five years the Bush administration would have the government spend $100 billion more annually than was proposed by the Clinton administration. But for some people, no amount will ever be enough.

"Neither the administration nor Congress treats the war [on terrorism] as a reason to accelerate the rebuilding and reform of the U.S. armed forces," complain Gary Schmitt and Tom Donnelly of the Project for the New American Century. The editors of *National Review* argue: "even after last year's reminder, we are still short-changing defense."

Charles Revie of the Veterans Voting Block worries about "our neglected military" and warns against allowing "our military to deteriorate." Without more defense spending we might lose "control of the most dangerous world situation we have faced in many years," argues historian Fred Kagan.

One wonders what world such people think they live in. America's great Cold War antagonist, the Soviet Union, is gone, along with its gaggle of eastern European allies. Russia has now joined with NATO in a cooperative relationship that could not have been dreamed of a decade ago.

Inter-superpower competition has disappeared from the Third World, as America has become the only game in town. Vietnam is talking about leasing Camh Ranh Bay to the United States.

South Korea far outranges the North, possessing an economy 40 times as strong and a population twice as big. Japan is the world's second-ranking economic power, capable of playing a key role in constraining potential Chinese adventurism. India is expanding its role on the world stage as both a significant military power and friend of America.

Potential adversaries of America are pitiful and few—Cuba, Iraq, North Korea. Only the threat of terrorism is significant and dangerous, but it is highly diffuse and not amenable to solution through manifold army divisions, navy carrier groups, and abundant air wings. Indeed, emphasizing traditional military assets risks diverting attention from the reformed forces and less meddlesome foreign policy necessary to respond.

The fundamental issue is foreign policy, not military outlays. For defense spending is the price of one's foreign policy.

Consider the scenario spun by attorney Adam Mersereau in National Review Online to justify "restoring the American military to its former glory after the crippling cutbacks that occurred under President Clinton": if we deploy troops onto Iraqi soil for the purposes of destroying its military, ousting its government, and installing a new one, almost anything can happen. The Arab and/or Muslim worlds could unite against us. Saudi Arabia and Egypt could express their indignation by blocking the Suez or

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other vital shipping lanes. Iran, Syria, and others could take to the battlefield in support of their Muslim brethren. The Palestinians could ignite another hot war with Israel. Arafat could be martyred. China might avail itself of America's distraction by invading Taiwan, and North Korea could make a similar move on South Korea.

Mersereau's nightmare suggests a good reason for not attacking Iraq. Anyway, virtually nothing in his scenario addresses the defense of the United States. And America's friends don't need American aid.

Iraq is a nasty actor, but is not the only thuggish state that violates human rights and might like to develop weapons of mass destruction; in any case, it can be deterred, as it has for the last decade, without war. Even if Egypt, Iran, Saudi Arabia, and Syria turned hostile, they could not stand against the United States. Israel possesses overwhelming military strength. South Korea vastly overmatches the North on virtually every measure of national power. Taiwan is strong, and China lacks the capability to cross the Taiwan Strait.

Thus Mersereau's lurid fantasy doesn't even justify maintaining America's existing force structure, let alone adding to it. Indeed, few of Washington's current deployments are devoted to genuine defense.

The 100,000 soldiers in Europe, and especially the more than 11,000 on station in the Balkans, are wasted on nonexistent dangers and peripheral interests. Europe faces no threat and, with an economy and population greater than America's, is well able to arm for the future. Settling multiple Balkans civil wars is irrelevant to American security.

Japan's Security

Japan similarly faces no imminent security threat and can adopt a more vigorous defense policy. Regional squeamishness is no excuse for Asia's most vibrant power not to do more to protect itself and its neighbors.

Deploying 37,000 soldiers in South Korea is a waste. Seoul is eminently capable of deterring the decaying regime in the North. It should not be Washington's job to offer a permanent defense subsidy to the South, especially given how the world has changed since 1950.

The closest to a traditional military threat is China. Yet Beijing remains poor and its military remains weak. China is a potential peer competitor in the future, but not soon. Anyway, it is likely to threaten American predominance in East Asia, not vital security interests closer to home. The countries that should respond are the East Asians.

Other countries that fear Beijing should do more on their own behalf. If the disputed Spratly Islands matter to the Philippines, Manila needs to create a military to assert its interests, rather than expect Americans to ride to the rescue.

No country since Rome has possessed America's dominance. The United States plus its allies and friends account for about 80 percent of all military spending. Washington spends as much as the next eight countries combined, six of which are allies. Friendly countries like Israel and Taiwan each spend as much as America's few true enemies combined.

Yet fearmongers want Washington to do even more. One wonders if advocates of a bigger military will be satisfied as long as anyone outside the American coalition spends anything on defense.

But with the collapse of the primary threat, hegemonic communism, and rise of the allied response, through populous and prosperous Asian and European friends, America need no longer intervene everywhere to protect everyone.

The United States should maintain the world's strongest military, but not one disproportionately large—especially when September 11 revealed that the most serious threats against America are unconventional, requiring a very different response from the Cold War policy.

The lesson of September 11 is not that Washington should mindlessly lavish money on the military, but that it should adjust its foreign policy to more accurately reflect American security interests. Once it does so, it can cut military outlays, spending money more wisely and effectively. □

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IDEAS ON LIBERTY
SEPTEMBER 2002

Plunder in Argentina

by Guillermo M. Yeatts

On December 3, 2001, the government of Argentina banned its citizens from withdrawing their bank deposits. They amounted to US$70 billion, one-and-a-half times the national budget, more than half the country's public debt.

This was not an isolated act, but a desperate measure taken by a government that, despite the belief that it followed free-market policies during the 1990s, would not curb its spending or its need for more and more resources. This inexhaustible greediness, and the lack of institutions capable of limiting it, led directly to the first great robbery of the century.

In the last two decades the Argentine government's main accounts were always in deficit. Until 1989 the gap was financed by issuing money without legitimate backing. This ended in dramatic hyperinflation, reaching an incredible 5,000 percent that year.

In response, the 1991 Convertibility Law required a U.S. dollar in reserve for every peso, and the government covered its deficit by selling monopolized state companies for the highest possible price. When the biggest privatizations ended around 1995, the government resorted to foreign debt, which increased by US$91 billion, a strategy that was shut down in mid-2001 because of the prospect of default.

From that moment, the government started taking desperate measures to avoid that fate. This is how we got to the great crime: the stealing of bank deposits and the ban on withdrawals from the banks, which had converted their depositors' dollars into worthless government bonds and private loans now denominated in pesos. It was a "perfect" crime, as French economist Frédéric Bastiat described it a century and a half ago: the government enacted a law that permitted it to plunder the people with absolute impunity.

At Christmas 2001, Argentina declared the biggest default in history, US$132 billion, by abolishing the Convertibility Law, thus generating an uncontrollable devaluation together with the transformation of debts in dollars to pesos (current exchange rate: 4 pesos = US$1). These regulations undermined the property and contracts of every existing enterprise in Argentina.

There is a notion abroad that most of the harm has been to foreigners. This does not take into account the magnitude of the robbery of Argentine citizens as depositors ($70 billion), as owners of an important percentage of government bonds ($132 billion), and as pensioners, since the government forced private pension funds to "invest" in government bonds it has ceased to honor.

As a result of the robbery, the Argentine financial system is dead. Citizens have no

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confidence in the banks. The country is devastated, with an 18 percent drop in GDP after a four-year depression, an unemployment rate over 25 percent, a price inflation estimated at 80 percent, a growing fiscal deficit, a pauperized population, a huge danger of social conflict, and a loss of all trust in the government and the political parties.

The authorities forgot Machiavelli's warning in *The Prince* that to avoid being hated, a ruler "must keep his hands off the property of others, because men more quickly forget the death of their father than the loss of their patrimony." □

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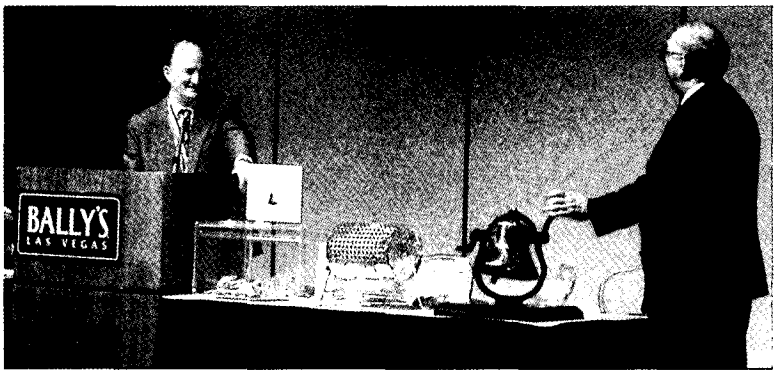

FEE President Mark Skousen (left) greets Conrad Denke as a Founding Member of the 1776 Club and encourages him to ring FEE's replica Liberty Bell 21 times at the FEE National Convention in Las Vegas in May.

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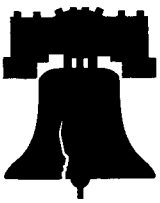

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IDEAS ON LIBERTY
SEPTEMBER 2002

Robert Nozick, Philosopher of Liberty

by Roderick T. Long

Twenty-eight years ago a Harvard philosophy professor named Robert Nozick did something unthinkable in polite intellectual society: he published a book defending libertarianism.

In 1974 libertarian ideas had virtually no presence within the academic establishment. Free-market economists F.A. Hayek and Milton Friedman had not yet won their Nobel prizes (Hayek's would come later that year, and Friedman's two years after that), and the reigning political philosopher was Nozick's own colleague John Rawls, whose monumental treatise, *A Theory of Justice,* had won widespread acclaim for its argument that individuals should be allowed to benefit from their greater wealth, talent, or effort only so long as they compensate the less fortunate.[1] Then came *Anarchy, State, and Utopia.*[2]

As a child in his native Brooklyn, so the tale goes, young Nozick had been in the habit of asking street-corner preachers and soapbox orators, concerning whatever point of view they had been confidently expounding, "How do you know that?" One presumes that his question met with a chilly reception; if so, he would have been well prepared for the reaction to *Anarchy, State, and Utopia* (henceforth, *ASU*), which was often greeted with incredulity and outrage.[3] Yet even its critics could not deny the book's philosophical brilliance and disarming wit, and it quickly found its way onto reading lists in courses on political philosophy throughout the English-speaking world. A National Book Award winner for 1975, *ASU* has since been translated into 11 languages.

Nozick's book did not, of course, convert the profession; but it secured for libertarianism a place among the standard topics for philosophical discussion, and thereby contributed to a crucial change in the intellectual climate. Libertarianism was no longer the philosophical equivalent of flat-earth theory; it was now a respectable (or at least semi-respectable) position that had to be taken into account. Robert Nozick thus paved the way for succeeding generations of libertarians in academia.

While establishment intellectuals have granted *ASU* a spot in the official canon, they have not yet fully come to grips with the ideas it contains. Misunderstandings and distortions of Nozick's theories abound; for example, Nozick is commonly described as maintaining that we have no obligations to assist people in need. (His actual position, of course, is that obligations to assist are not legitimately *enforceable.*) Nor, being unfamiliar with any libertarian theorist other than Nozick, do most academics recognize the extent—far deeper than the passing ref-

Roderick Long (longrob@auburn.edu) teaches philosophy at Auburn University, and edits the libertarian journal Formulations *(www.libertariannation.org/a). He is the author of* Reason and Value: Aristotle versus Rand *(Objectivist Center, 2000).*

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erences in his footnotes might suggest—of Nozick's dependence on, and engagement (both sympathetic and critical) with, earlier libertarian thinkers.[4]

Nozick sought to defend the minimal state—that is, a state "limited to the functions of protecting all its citizens against violence, theft, and fraud, and to the enforcement of contracts" (p. 26)—not only against those who want something more, but also against those who want something less. *ASU* therefore includes a critique of "anarcho-capitalism," the ultra-libertarian position that the legislative, judicial, and police functions hitherto monopolized by government should be open to competition among private "protection agencies." In an argument too complex to summarize here, Nozick responds by trying to show how, starting from an anarcho-capitalist framework, a minimal state could arise without violating anybody's rights. (This argument has won few converts, however.) Ironically, most of Nozick's academic readers, unfamiliar with libertarian theory, refer to the notion of competing protection agencies as "Nozick's idea."

Libertarianism Without Foundations?

The most common, and perhaps the strangest, mainstream criticism of *ASU* is that it simply asserts the existence of libertarian rights but offers no argument for them. This characterization of Nozick's theory as "libertarianism without foundations,"[5] while convenient for his critics, cannot survive a reading of the text. Nozick's strategy was to support libertarian rights by appealing to values widely shared by libertarians and nonlibertarians alike. For example, Nozick argued that because "taking the earnings of *n* hours labor" is essentially equivalent to "forcing the person to work *n* hours for another's purpose," the taxation of earnings is "on a par with forced labor," and so is unjust (p. 169).

Admittedly, Nozick offered no proof that forced labor itself is unjust; but did he need to? The injustice of forced labor is a premise that most of his opponents *already accept*; given that context, showing that taxation is "on a par with forced labor" is a decisive argument against the justice of taxation. Nozick likewise condemned unrestrained democracy as a form of slavery, since having "10,000 masters instead of just one" is merely "a change of master" (p. 291). Here too, Nozick offered no proof of the injustice of slavery; but since his critics themselves reject slavery, they can hardly dismiss his critique of democracy as unfounded.

Robert Nozick

Nozick argued that because there is "no *social entity*" but only "different individual people, with their own individual lives," it makes no sense to describe the sacrifice of an individual's rights as being made up for by an "overbalancing good" to society as a whole; a human being "may not be used or sacrificed for the benefit of others," because doing so would "not sufficiently respect" the fact that "he is a separate person" whose life is "the only life he has" (pp. 32–39). Every step of that argument is a deliberate echo of arguments that had won widespread acceptance among defenders of the welfare state when offered, with somewhat different aims, by John Rawls three years earlier. Nozick likewise appealed to values shared by his (largely "liberal") opponents when he condemned economic regulations for interfering with "capitalist acts between consenting adults" (p. 163).

ASU's most famous argument—the "Wilt Chamberlain example"—is also its most misunderstood. Criticizing "patterned" theories of justice—that is, those that regard the distribution of resources in society as just only if it fits some preconceived pattern (say, equality)—Nozick asked us to imagine a society that in fact realizes the desired pattern. He pointed out that if people are free to transfer their resources as they wish, the

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society will quickly deviate from the established pattern, as some individuals, like basketball star Wilt Chamberlain, become wealthy as a result of the voluntary decisions of other members of society who are willing to purchase the exercise of their talents.

If the original pattern is to be maintained at all costs, then the government must "continually interfere to stop people from transferring resources as they wish"; hence no patterned theory of justice can be implemented without "continuous interference in people's lives" (p. 163). Nozick thus rejected patterned theories in favor of a "historical" theory, according to which a given distribution of resources, regardless of what pattern it fits, is legitimate so long as it arose through a process involving no violations of anybody's rights.

Nozick's critics often treat this argument as though it were offering a purely *external* objection to patterned theories of justice. As they interpret Nozick, his case against redistributive policies is simply that they violate libertarian property rights. No doubt they do, the critics respond, but why should nonlibertarians care? This is a serious misinterpretation, however. Nozick's critique is best understood as an *internal* one, and thus cannot be so easily dismissed.

Norman Malcolm, a pupil of the philosopher Ludwig Wittgenstein, relates the following anecdote: "On one walk he 'gave' to me each tree that we passed, with the reservation that I was not to cut it down or do anything to it, or prevent the previous owners from doing anything to it: with those reservations it was henceforth mine."[6] Wittgenstein's point, of course, was that if such rights of control are reserved, nothing has been "given." And Nozick's point is precisely the same: under any system of resource distribution, I count as having been allotted a certain resource *X* only if I enjoy "the right to determine what shall be done with *X*" (p. 171).

Patterned theories of justice give the impression of promising to distribute, more equitably, the *same resources* that the capitalist market distributes inequitably; but to the extent that the right to transfer those resources is reserved, people have, *to that same extent*, not genuinely received the resources to which, according to the patterned theory, they are supposed to be entitled. If the initial pattern of resource distribution really were just, then there should be "*no* question about whether each of the people was entitled to the control over the resources they held"—but such entitlement is precisely what must be questioned if the pattern is to be coercively maintained (p. 161). Hence the patterned theory fails by its own standards.

Beyond *Anarchy, State, and Utopia*

After 1974 Nozick disappointed many readers by declining to defend his book against the many criticisms it received; remarking that he didn't want to spend his life writing variations on *Son of Anarchy, State, and Utopia* (perhaps a dig against what John Rawls has been doing for the last three decades), Nozick largely dropped political philosophy and moved on to other topics—though he did produce over the years a number of essays on topics of libertarian interest, such as Austrian economic methodology, invisible-hand explanations, the ethics of Ayn Rand, the nature of coercion, and the antimarket bias in academia.[7]

In 1987, however, Nozick announced that he now found his earlier political writings "seriously inadequate"; in his new view, individual rights were merely one value among others and could legitimately be "overridden or diminished in trade-offs" against such other values as the "symbolic" significance of "official concern with issues or problems, as a way of marking their importance or urgency"[8]—a position that disturbingly approaches an endorsement of "expressive violence." Nozick was widely perceived as having repudiated libertarianism, though he has denied doing so.[9] In any case, Nozick appears to have returned, toward the end of his life, to a position closer to that of *ASU*; in his last book, *Invariances*, he identified voluntary cooperation as the "core principle" of ethics, maintaining

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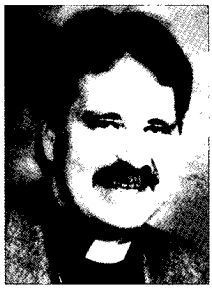
FEE TODAY

www.FEE.org; 1-800-USA-1776 September 2002

How FEE Changed My Life

By Reverend Mark D. Isaacs

President's introduction: *From time to time in* FEE Today *we publish articles by prominent individuals whose lives have been dramatically influenced by FEE's seminars and publications. This month I've asked Mark Isaacs to tell his story. Reverend Isaacs is pastor of St. Paul's Lutheran Church of Wurtemburg in Rhinebeck, New York, and an adjunct economics and business ethics professor at Marist College in Poughkeepsie, New York. He has been a popular lecturer at FEE.*



Mark Isaacs

At mid-passage I have a dream career and a good life. I am a husband, a father, a preacher, a teacher, and a writer. In addition to preaching to my nice old German ladies on Sunday mornings, I also teach 100 to 120 college students each semester—mostly middle-class mall rats, neopagans, and frat party animals. I love my students. Despite their often hard-shell attitudes, most of them tend to be naïve, sheltered, and shockingly secular. Few have met an actual clergy person, and fewer still have met a passionate free-market economist.

In my two careers, at church and at college, I am surrounded by a stimulating array of interesting people. I believe that my work makes a difference on many levels. But in this age of hyper-specialization my career choice tends to confuse many people. They wonder how I arrived at this unusual dual vocation of religion and free-market economics.[1]

I am who I am today thanks largely to the work of the Foundation for Economic Education. Looking back, I can clearly see that FEE kindled the spark that led to my curious vocation.

At college I was one of those "undecided" majors. In my junior year I was required to take an economics course and literally fell in love with the subject. I graduated from college in 1980 with a B.A. in economics.

At college my professors were patient and kind. They did their best to teach me the principles of economics. However, like their counterparts at most American universities, my professors were generally of the Keynesian persua-

[1] In his book *The Making of Modern Economics* (2001), Mark Skousen reminds us that Adam Smith was a teacher and "moral philosopher" who wrote on economics (p. 23). Thus, from the start morals, ethics, and economics are related, allied, and complementary disciplines.

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sion. Thus, they tended to champion the typical array of redistributionist and interventionist policies. Market alternatives were mostly ignored.

As a pathological contrarian, by the time I graduated I knew that I was certainly not a Keynesian or a Modern Liberal (a democratic-socialist).[2] However, I also knew that conservative elitism did not appeal to me.

It was about then that I began to read *The Freeman* (now *Ideas on Liberty)*. In these pages I found solid and reasonable answers to the questions and issues that my college economics professors had raised. I also discovered that in addition to publishing this great magazine, FEE hosted seminars for students.

Edmund Opitz's Example

In November of 1981, I attended my first FEE seminar and met Reverend Edmund A. Opitz, a Congregational minister on the staff of FEE. Edmund Opitz was unlike any clergyman I had ever encountered. He was a wise Christian gentleman, a scholar, an author, and a man who knew something about history and economics. Very few people have prompted me to say, "I want to be just like him someday." But Reverend Opitz had that effect on me. He inspired me to pursue my unusual combined vocational path.

That FEE seminar also changed my worldview and enriched my life by introducing me to the freedom philosophy and to the writings of Frédéric Bastiat, Albert Jay Nock, Henry Hazlitt, Ludwig von Mises, F.A. Hayek, Murray N. Rothbard, Walter Williams, Thomas Sowell, and other giants. Because of these great libertarian writers and classical liberal thinkers my mind has been opened up to a whole new world of thinking. I have FEE to thank for the past 20 years of delightful reading and reflection.

The Freeman also published my first bylined article in its February 1982 issue. I was thrilled when this article was later translated into Portuguese and published in Brazil. Thanks to FEE I began a successful writing and editing career that to date has led to the publication of more than 350 articles on history, economics, and business.

> *I am who I am today, thanks largely to the work of the Foundation for Economic Education.*

I studied theology at the Lutheran Theological Seminary at Gettysburg and was ordained as a clergy person in 1992. For the past few years I have been working on my Ph.D. at Trinity Theological Seminary. My dissertation, in progress, focuses on Max Weber's concept of the Protestant ethic applied to the postmodern world. Once again I have found a way to combine my interests in religion and economic history.

FEE has provided an essential educational function since its founding in 1946. There are currently many outstanding free-market think tanks in the United States. But FEE is unique. Other think tanks tend to provide excellent research reports, white papers, policy studies, and statistical data in an attempt to directly influence the political process.

While there is a role for direct political action, FEE—from the time Leonard Read established it—has been committed to a higher, longer-term goal: freedom and economic education.

True education teaches us how to live. Albert Jay Nock argues that to reform the world we must resist the

[2]By the spring of 1980, between Jimmy Carter and the Phillips Curve, which allegedly showed a tradeoff between "inflation" and unemployment I began to question Keynesian orthodoxy.

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temptation to use legislation, the power of the State, or political agitation to accomplish our goal. The best way to reform the world is to begin with oneself. The life task for each of us is to deliver to the world one self-controlled, mature individual who respects the dignity, freedom, and liberty of others.

True social and political reform—like true education—is an individual task. Education is a slow painful process of enlightening one person at a time, changing one mind at a time, hosting one seminar at a time, and systematically smashing one superstition, myth, or fallacy at a time.

Through *Ideas on Liberty,* seminars, guest speakers, book publishing and distribution, and other programs, FEE offers a vital entry-level point to people who are seeking to better themselves. FEE's approach is unique, gentle, and effective: to take the principles of liberty into the marketplace of ideas, one individual at a time. For this reason—for many people like myself—FEE is truly a life-changing institution that is worthy of your respect, your love, and your financial support.

Thank you, Reverend Isaacs! Speaking of FEE seminars, here's the latest report on this year's summer programs.

We Doubled Our Summer Seminars at FEE

In keeping with our goal, "Double Our Efforts in 2002," we have doubled the number of student/teacher seminars this summer. These include the FEE Course on Sound Money and Free Markets, June 16–21; Advanced Austrian Economics (co-sponsored with George Mason University and New York University), June 22–28; New Approaches to Teaching Economics, July 7–11; and the State in a Civil Society, August 1–7 and August 11–16. Our total number of students and teachers attending this summer's programs reached 175. Jo Ann Skousen, director of educational programs, and the staff at FEE cooked over 3,200 meals! Tami Holland, our director of seminars, worked overtime to make all these seminars a big success.

Faculty included Israel Kirzner, recently retired professor from New York University; Peter Boettke, Vernon Smith, and Karen Vaughn of George Mason University; Roger Garrison of Auburn University; Mario Rizzo and David Harper of New York University; Dwight Lee of the University of Georgia; Harry Veryser of Walsh College; Tom Palmer of the Cato Institute; Lawrence Reed of the Mackinac Center for Public Policy; Jack Chambless of Valencia College; John Blundell of the Institute of Economic Affairs (London); Burton W. Folsom, Jr., of the Center for the American Idea; Charles Baird of the Smith Center at Cal State-Hayward; John A. Pugsley of the Sovereign Society; and Lawrence H. White of the University of Missouri-St. Louis.

Most of the students received financial support to attend FEE from a variety of scholarships—one foundation sent more than 60 students from the northwest United States. (After attending the FEE National Convention, a director of that foundation said he was so pleased with FEE's new direction that he doubled the number of scholarships to FEE seminars this summer.) Seven students received assistance from FEE's newly created 1776 fund. In addition, eight students benefited from the new Blanchard Scholarship Fund, named after the late James U. Blanchard III, founder of the famed Blanchard Investment Conference in New Orleans and a long-time supporter of FEE. (To read the story of Jim Blanchard, see Larry Reed's deep-felt article,

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"James U. Blanchard III: Champion of Liberty and Sound Money" in the August 1999 issue of *The Freeman: Ideas on Liberty*, also available online at www.FEE.org.)

Call 1-800-USA-1776 and Join Us This Fall

We have some exciting events going on this fall in which you will want to participate. Please call our new toll-free number, 1-800-USA-1776, ext. 214, and sign up for the following:

1. FEE's Monthly Lecture Series: We have a great lineup of speakers at the FEE mansion this fall—on September 20, we welcome John O. Whitney, Professor of Management at Columbia Business School, on "Shakespeare, Hamlet, and Austrian Economics"; October 11, Sheldon Jacobs, editor of the #1-ranked *No-Load Fund Investor*, on "Six Rock-Bottom Truths About Investing"; and November 15, Lt. Col. Michael Meese, Deputy Head and Academy Professor of Social Sciences, West Point, on "Liberty and the War on Terror." (Col. Meese is the son of former attorney general Ed Meese.)

Blanchard scholars at the August 11–16 seminar pose in front of FEE's portrait of Ludwig von Mises: (left to right) Desmond Jackson (Michigan), Vicky Liu (China), Daniel Horn (Hungary), Rebeca Calderon (Guatemala), FEE President Mark Skousen, Slava Sinigerska (Bulgaria), and Mackinac Center President Larry Reed. Mark Skousen and Larry Reed were longtime friends of Jim Blanchard.

2. Liberty Banquet and FEE Benefit, October 25, at the New York Hilton Hotel, with guest speaker, former New York City mayor Rudy Giuliani, and Special Host John Stossel of ABC News. Charles and Kim Githler of the New York Money Show are hosting this benefit. A "friend of FEE" pays $250 per person for special seating and a private cocktail reception at this five-star dinner and FEE benefit ($149 for dinner only).

3. New promotion to expand circulation of *Ideas on Liberty*: We received a letter recently from a subscriber who said that his children find the magazine so interesting that they grab each issue as soon as it comes in the door. *Ideas on Liberty* deserves a much wider circulation and with your financial support, we can advertise it more widely. We'd like to raise $50,000 for this major promotional effort. Any help you can offer would be much appreciated.

4. 1776 Club. Join today by making a donation in any amount with the numbers "1776" or "76" in them. Funds from the 1776 Club are used to help needy students come to FEE seminars and other events.

Remember, FEE changes people's lives. Please give generously to this good cause.

Yours faithfully in liberty, AEIOU,

Mark Skousen

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that the duty not to interfere with another person's "domain of choice" is "[a]ll that any society should (coercively) demand"; higher levels of ethics, involving positive benevolence, represent instead a "personal ideal" that should be left to "a person's own individual choice and development."[10]

Robert Nozick died on January 23, 2002, after a long battle with cancer. But the impact of his most famous book continues to grow. Philosopher Jonathan Wolff, one of Nozick's intellectual opponents, recalls: "I first read Nozick as an undergraduate in 1980. At that time philosophy students usually reacted to *Anarchy, State, and Utopia* in one of two ways. Either they thought its conclusions so repugnant that it should not be taken seriously as political philosophy at all, or they thought its conclusions so repugnant that it was vital (but not very difficult) to show how it fails."

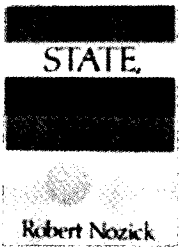
But these days, Wolff laments, he all too often encounters a third view: "that, broadly speaking, Nozick is right."[11]

Thank you, Robert Nozick. □

1. John Rawls, *A Theory of Justice* (Cambridge, Mass.: Harvard University Press, 1971).
2. Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974).
3. For a particularly egregious example, see Brian Barry, "Review of *Anarchy, State, and Utopia*," *Political Theory*, August 1975, pp. 331–32.
4. For the influence of Murray Rothbard in particular, see Ralph Raico, "Robert Nozick: A Historical Note," February 5, 2002; www.lewrockwell.com/raico/raico15.html.
5. See Thomas Nagel, "Libertarianism Without Foundations," *Yale Law Journal* 85 (1975), pp. 136–49.
6. Norman Malcolm, *Ludwig Wittgenstein: A Memoir* (Oxford, England: Oxford University Press, 1958), pp. 31–32.
7. These essays are collected in Robert Nozick, *Socratic Puzzles* (Cambridge, Mass.: Harvard University Press, 1997).
8. Robert Nozick, *The Examined Life: Philosophical Meditations* (New York: Simon & Schuster, 1989), pp. 286–92.
9. For Nozick's denial, see Laissez Faire Books, "Interview with Robert Nozick"; www.laissezfairebooks.com/index.cfm?eid=358.
10. Robert Nozick, *Invariances: The Structure of the Objective World* (Cambridge, Mass.: Harvard University Press, 2001), pp. 280–82.
11. Jonathan Wolff, *Robert Nozick: Property, Justice and the Minimal State* (Stanford, Calif.: Stanford University Press, 1991), p. vii.

Anarchy, State, and Utopia

By Robert Nozick



"For me, *Anarchy, State, and Utopia* will always be one of those 'desert island' books, on that tiny list of books you'd take with you if you were cut off from everything else. I'd take Ayn Rand's *Atlas Shrugged*, and Mises's *Human Action*, and probably either *The Constitution of Liberty* or *Law, Legislation and Liberty*, by F.A. Hayek, too. There would be a few others. But *Anarchy, State, and Utopia* would be near the top."

— Roy A. Childs, in a 1989 review

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IDEAS ON LIBERTY
SEPTEMBER 2002

Straight Talk about Suicide

Suicide—like accident, illness, death, poverty, persecution, and war—has always been with us and has always been regarded as a part of life. Believing that a person's life belongs to God, not himself, the Jews declared it to be a grievous sin, and Christians and Muslims followed suit.

Enlightenment thought did not overtly repudiate this view. Instead, it supplemented it with a secular version of it. Suicide, declared the mad-doctors ("psychiatrists"), is due to a disease of the mind, which it is the duty of mad-doctors to prevent (by imprisoning/"hospitalizing" the madman/"patient"). The mainstream media and most people accept this ostensibly scientific doctrine as truth, just as many people still accept the ostensibly God-given religious doctrines as truths.

Although we now have more so-called rights than we have ever had—such as welfare rights, disability rights, patients' rights, the right to choice, the right to treatment, the right to reject treatment, ad infinitum—we have no right to suicide.

In the immediate aftermath of the attacks on the World Trade Center and the Pentagon, President Bush—with his disarmingly gauche use of language—called the act "cowardly" and the terrorists "cowards." That characterization of our Muslim enemies was quickly abandoned in favor of our "scientific" clichés: brainwashing and mental illness. Declared George Will: "And although Americans are denouncing the terrorists' 'cowardice,' what is most telling and frightening is their lunatic fearlessness."

William Safire opted for brainwashing. He explained: "A more powerful weapon [than surprise] of radical Islam is its ability to erase from the brains of recruits the basic will to live. The normal survival instinct is replaced with a pseudo-religious fantasy of a killer's self-martyrdom leading to eternity in paradise surrounded by adoring virgins."

One of the effects of the September 11 attacks was that every politician and pundit suddenly became an expert about the fine points of Muslim theology. "This perversion of one of the world's great faiths," pontificated Safire, "produces suicide bombers. How to build a defense against the theological brainwashing that creates these human missiles? That is the challenge to Muslim clerics everywhere. . . ."

How wrong can our most respected pundits be before we begin to view their expertise as we regard the expertise of the Enron accountants? The Muslim suicide bombers are a challenge to their victims, not to their teachers and paymasters. Any other interpretation is our collective folly, serving to indulge our love affair with a misguided concept of multiculturalism.

Are brainwashing, cowardice, and lunacy our only choices? Surely, it is not difficult to see an Arab youngster training to become a suicide bomber and becoming a celebrated

Thomas Szasz (tszasz@aol.com) is professor of psychiatry emeritus at SUNY Upstate Medical University in Syracuse. His latest book is Liberation by Oppression: A Comparative Study of Slavery and Psychiatry *(Transaction, 2002).*

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patriot and martyr as engaging in what he considers a rationally motivated series of actions. From the point of view of the future terrorist, his family, and his society, his actions are just as rationally motivated as are the actions of a young American engaged in going to college, studying medicine, and becoming a surgeon.

I maintain that, from the point of view of the suicidal actor, planning to kill himself and carrying out the act is also rationally motivated. However, we regard this interpretation as so flagitious—so indecent—that, for most Americans, it is as good as taboo. The only socially acceptable view is that suicide is a "cry for help," uttered by a person who has a mental illness (depression) and denies that he is ill.

Caused by Depression?

A large, multistory shopping mall in Syracuse—the Carousel Center—has become one of the favorite places for young men and women to jump to their deaths. Every time this happens, the newspapers present the story as if the act were a symptom of—that is, were "due to"—the subject's mental illness. "Suicide jumpers often disordered" was the headline of a long report on the suicide of a young woman in April. "[She] had been battling the disease [depression] for several years," her father said. The rest of the long, double-headed article—the other title was "Suicide-prevention counselor says barriers to jumping should be considered"—was devoted to telling the reader that (most) people who commit suicide, or think of doing so, suffer from "bipolar illness," explaining that the disease is genetic and chemical in origin and that it usually responds well to treatment with drugs. This and other newspapers never mention that persons suspected of being "suicidal," or who try to kill themselves and fail, are routinely incarcerated in prisons called "mental hospitals."

Muslim clerics engage in theological brainwashing. Do the mainstream American media—not to mention organized American psychiatry—engage in therapeutic brainwashing? Of course not. We call this "educating people about mental illness" and "eradicating the stigma of mental illness."

Kay Redfield Jamison—professor of psychiatry at John Hopkins University Medical School—is America's poster girl for suicide as a preventable and treatable illness. She advertises herself "As someone who studies, treats and suffers from a severe mental illness—manic depression"; preaches the psychiatric mantra: "Suicide is due to mental illness and mental illness is treatable"; and explains: "I drew up a clear arrangement with my psychiatrist and family that if I again become severely depressed they have the authority to approve, against my will if necessary, both electroconvulsive therapy, or ECT, an excellent treatment for certain types of severe depression, and hospitalization."

Well and good. Does Jamison approve of other persons, similarly afflicted, having the right to reject psychiatric coercion and kill themselves? Certainly not.

We are so blind to the essentially human (non-"pathological") nature of voluntary death that we deny the reality of what people throughout history viewed as "heroic suicide." "Of all the 'isms' produced by the past centuries, fanaticism alone survives," declares memory-champion Elie Wiesel. "We have witnessed the downfall of Nazism, the defeat of fascism, and the abdication of communism. But fanaticism is still alive."

Our political-ideological prejudgments prevent us from acknowledging Zionism as the reason why some Palestinians choose to kill themselves for political reasons. Our psychiatric-ideological prejudgments prevent us from acknowledging the slings and arrows of outrageous fortune as the reason why some Americans choose to kill themselves for personal reasons.

We are as squeamish and superstitious about suicide as people used to be about demonic possession and witchcraft. And we will remain so until we begin to take seriously how we talk about it. □

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IDEAS ON LIBERTY
SEPTEMBER 2002

The Fraud of Seat-Belt Laws

by William J. Holdorf

On the promise of reducing highway fatalities and auto insurance rates, seat-belt laws began to pass in state legislatures throughout the United States beginning in 1985.

While such laws had been proposed before 1985, they were rejected by most state legislators since they knew the vast majority of the people opposed them. "The Gallup Opinion Index," report no. 146, October 1977, stated: "In the latest survey, a huge majority, 78 percent, opposes a law that would fine a person $25 for failure to use a seat belt. This represents an increase of resistance since 1973 to such a law. At that time 71 percent opposed a seat belt use law." "The Gallup Report" (formerly "The Gallup Opinion Index"), no. 205, October 1982, report showed that a still-high 75 percent queried in June of that year opposed such a law.

Given the massive, obvious opposition to seat-belt laws, why did state legislators suddenly change their minds and begin to pass them in 1985? Simple—money and federal blackmail. According to the Associated Press, Brian O'Neill, president of the Insurance Institute for Highway Safety, said, "People have been talking about seatbelt laws and there have been attempts to pass them for well over 10 years. It's been a snowball effect, once the money poured in."[1]

That sudden flow of money began in 1984, when then-Secretary of Transportation Elizabeth Dole promised to rescind the rule that required automakers to install passive restraints by 1990 if states representing two-thirds of the U.S. population passed seat-belt laws by April 1, 1989.[2] Passive restraints included air bags, which automakers bitterly opposed because, they claimed, the high expense to develop and install them would raise the price of autos way beyond what the average auto buyer would pay. Dole's promise amounted to an invitation to the automakers to use their financial resources to lobby states for seat-belt laws, something the Department of Transportation (DOT) was forbidden to do by law, in exchange for the government's not forcing them to install air bags. In effect, the DOT surreptitiously used the financial resources of the private sector to further the political agenda of the federal government through blackmail.

In response to Dole's promise, the automakers created the lobby Traffic Safety Now (TSN) and began spending millions of dollars to pass seat-belt laws. That caught the attention of state legislators, and suddenly the "will of the people," void of financial backing, gave way to the "will of the seat-belt law lobbyists," who had millions of dollars to spend.

Besides the millions of dollars spent by TSN, the federal government added millions more by, for example, giving grants to states

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for achieving a certain percentage of seat-belt use and to pay the police to enforce the seat-belt law.[3] And with increased seat-belt law enforcement, ticket income increased, another source of easy revenue for the state.

While TSN championed passage of seat-belt laws under the banner of reducing highway fatalities and auto insurance rates, no mention was made that the real purpose was to avoid installation of air bags.

As of 1992, TSN had spent $93 million to buy passage of seat-belt laws in almost all states.[4] Popular opposition to the laws sometimes made passage difficult. In most states the only way the law could be passed was to make enforcement secondary; that is, the police could not stop a motorist for not using a seat belt unless the officer witnessed another traffic violation. Some laws applied only to front-seat occupants. Exemptions were also added to help reduce opposition. In three states, Mississippi, Rhode Island, and Wyoming, the laws were passed without any penalty.

Once seat-belt laws were passed in any form, supporters returned each legislative session to lobby for amendments, such as including all occupants, increasing fines, eliminating exemptions, and changing to primary enforcement, so that the police could stop a motorist merely under suspicion of not using a seat belt.

Such action by seat-belt law supporters shows the insidious nature of such laws, and supporters continue to lobby for stricter enforcement and heavier penalties. Even the U.S. Supreme Court in 2001 added its own flavor of tyranny by ruling it was legal for a Texas police officer to arrest, handcuff, and jail a woman, and impound her car, for not buckling up herself and her children.[5] Our nation, founded on freedom, certainly has come a long way from Patrick Henry's cry, "Give me liberty or give me death," to "Click it or ticket."

After the automakers did the DOT's bidding, the government went back on its word and mandated installation of air bags anyway. Also, the very law the automakers worked for, supposedly to save people's lives, turned on them. While using seat belts saves some lives, doing so can injure and kill others. That got the attention of lawyers. Moreover, some seat-belt systems were defective.[6] As a result, since 1985 the automakers have faced hundreds of millions of dollars in damages in hundreds of lawsuits.

Loss of Freedom

While the hundreds of millions of dollars spent in support of seat-belt laws has been a horrendous financial burden to society, the greatest cost is really not money. It's the loss of freedom. Seat-belt laws infringe a person's rights as guaranteed in the Fourth, Fifth, and the Ninth Amendments, and the civil rights section of the Fourteenth Amendment. Such laws are an unwarranted intrusion by government into the personal lives of citizens; they deny through prior restraint the right to determine one's own individual personal health-care standard.

While seat-belt use might save some people in certain kinds of traffic accidents, there is ample evidence that in other kinds, people have been more seriously injured and even killed only because they used seat belts. Some people have been saved from death in certain kinds of accidents only because a seat belt was *not* used. In those cases, the malicious nature of seat-belt laws is further revealed: such persons are subject to fines for not dying in the accident while using a so-called safety device arbitrarily chosen by politicians.

The state has no authority to subject people to death and injury in certain kinds of traffic accidents just because it hopes others will be saved in other kinds of accidents merely by chance. The state has no authority to take chances with a person's body, the ultimate private property.

As for the promise that seat-belt laws would reduce auto insurance rates, there is no record of any insurance company ever reducing its rates because a seat-belt law was passed. A study released in August 1988 by the Highway Loss Data Institute compared auto-accident injury claims before and after the enactment of seat-belt laws in eight states

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and could find no clear-cut evidence that belt-use laws reduced the number of injuries. "These results are disappointing," the report added.[7]

Seat-belt laws have also failed to reduce highway fatalities in the numbers promised by supporters to get such laws passed.[8] According to the National Highway Traffic Safety Administration, there were 51,093 highway fatalities in 1979.[9] Five years later, 1984, the year before seat-belt laws began to pass, there were 44,257 fatalities. That is a net decrease of 6,836 deaths in five years, which represents a 13.4 percent decline with no seat-belt laws and only voluntary seat-belt use. In 1999, there were 41,611 fatalities. That is a net decrease of 2,646 deaths, a 6 percent decrease over 15 years of rigid seat-belt law enforcement, with some states claiming 80 percent seat-belt use. If the passage of seat-belt laws did anything, it slowed the downward trend in highway fatalities started years before the passage of such laws.

Right to Refuse

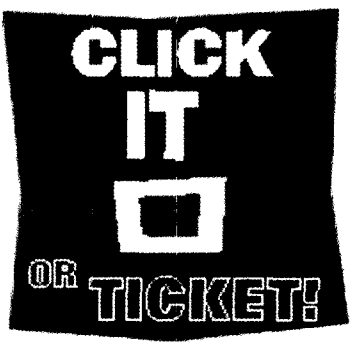
Besides such facts, a person has the right to refuse any health-care recommendation. No nonpsychiatric doctor would dare attempt to force a person to use a medical device or take a drug or have surgery or other medical treatment without full consent. Yet politicians force motorists to use a health-care device, a seat belt, against their will under threat of punishment that could include jail.

The hundreds of millions of dollars spent in support of seat-belt laws have been wasted. Not one penny of that money has ever prevented even a single traffic accident, the real cause of highway fatalities. We don't need millions of dollars for stricter seat-belt law enforcement. Instead, we need more responsibly educated drivers, safer vehicles, and better roads to prevent traffic accidents.

Individual freedom is the very foundation of our country. The American people should not accept legislators who pass laws that take liberty away while claiming to do good. History has shown this to be the easy road to power for tyrants.

There is certainly nothing wrong with voluntary seat-belt use; however, there is a great deal wrong with all seat-belt laws. As Benjamin Franklin said, "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." □

1. "Carmakers Push Belt to Avoid Bag," Greensboro (N.C.) *News and Record*, May 27, 1986.
2. Final Regulatory Impact Analysis, Amendment to FMVSS No. 208, National Highway Traffic Safety Administration, July 11, 1984.
3. This goes on to this day: "U.S. Transportation Secretary Mineta Announces Grants of $44.4 Million to Increase Seatbelt Use," in NHTSA news release no. 4–02, January 18, 2002.
4. Summary of IRS tax-exempt form 990 for Traffic Safety Now, Inc., prepared by Seatbelt Freedom of Choice, a Wisconsin grassroots citizens group opposed to the Wisconsin seat-belt law.
5. *Gail Atwater v. City of Lago Vista*, April 24, 2001.
6. "Auto Seat Systems—Dangerous Safety Restraints?" *Trial Magazine* (Trial Lawyers of America), April 1990.
7. "Highway Loss Data Institute Insurance Special Report: Insurance Injury Loss Experience in Eight States with Seat Belt Laws, 1983, 86 Models, HLDI A-28." The Institute is an Arlington, Virginia, nonprofit public-service organization closely associated with and funded by the Insurance Institute for Highway Safety, which is wholly supported by auto insurers.
8. For example, see "Traffic Deaths Up 5%," *Chicago Sun Times*, January 3, 1987, and "Traffic Deaths Roll on Despite Seatbelt Law," *Chicago Sun Times*, July 6, 1996.
9. National Highway Traffic Safety Administration, "Traffic Safety Facts 1999," December 2000, p. 15.



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The Bard Never Said "Click It or Ticket"

I'm cruising down one of the imperial four-lane highways; paved, drained, and bridged by the tax dollars I pay to the federal government and the Great State of Alabama. I'm buoyant because He who wrapped the earth, the United States, and the great State of Alabama with its climatic environment has done an especially fine job today in my corner of the state. It's May. The air through the open car window is a compatible pairing with that climatic adjective, balmy. It's soft, it's refreshing, it even has a piney scent—the kind of aroma you pay for in your kitchen cleanser. It's climatically as clement as the fourteenth-century popes of that name.

Not only am I happy with the weather, but I'm thinking that somewhere over the next five miles or so I will be pulling in to a fried chicken pit stop. Even without a thick wallet it's easy to purchase a fried chicken dinner in any one of two dozen gasaterias/foodaterias that bless the road from Huntsville to Memphis. A couple of bucks—20 minutes of minimum-wage work—and BAM! I've got a plateful of fried chicken that would turn Emeril's face green. They grow a lot of chickens in my state. They're automatically fed, watered, and climated. It's as hi-tech as NASA's lab here in Huntsville. So chickens are cheap and fresh. Whatta country, I'm thinking. I live in a capsule of time and space where (due to the work of many anonymous geniuses) I can visit my family 200 miles away in three hours (in the nineteenth century it was a week's walk) and eat all the fried chicken I want. What more can I ask of the fates? The rest is up to me.

Then I see the first cloud on my horizon. A glaring, blinking, yellow, electrically lit sign beside the road. "Click it or ticket!" it says. That's a quote, folks. The governor is talking and since he owns a couple thousand highway patrolmen, I better pay attention. Again, after a half mile interval the sign says, "click it OR TICKET"! The governor, an honorable man, but bored with the digs in the State House, has immigrated to my car. He may as well be sitting in my lap. Today my car—tomorrow my house, with a mandate to seat-belt that high, dangerous chair in the den. His federal co-conspirators are already in my back

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yard forbidding me ownership of my flora and fauna. Evidently, the eight-legged, bulgy-eyed praying mantis has a stronger lobby (you'd think such a pious creature could call on a higher authority) than two-legged taxpayers with recessed eyeballs.

But right now the governor sits beside me in my car. Once again he threatens me. "Men working—double speeding fines," says the next admonition. Damn. If it was only 125 bucks to bowl over a state employee shoveling asphalt—well, that's ponderable, almost a bargain. But $250, nah, I better be careful. That's the state's interpretation of my homicidal mindset? This must be that psychological mechanism wherein we infest others with our own motives?

But what a multifaceted talent is our governor: sign designer, Solomonic legislator, lottery lover, taxer par excellence, and now—POET. "Click it or ticket," he says. I can think of an incredibly obscene and rhyming retort but I won't use it in a family publication. Shakespeare, the great Bard himself—a freedom lover—would have tossed off something mockingly light like: "hickory dickory dox, upon your state a pox."

Shakespeare, whom the world extols as a sublime interpreter of human motivation, would intellectually stumble over that seat-belt sign. He'd at first smile when you explained the democratic system of government. Then his brow would wrinkle—reflecting great tumult in the brain behind it—as you explained that the sign is a reflection of state law, enacted by representatives of the very people soon to be financially punished.

How could the poet understand our docility? After all, this is the playwright who wrote *Julius Caesar* about a man who kills his best friend. Why? Because Brutus fears the power of the state even when it is brandished by an admirable man like Caesar.

"Think him as a serpent's egg, which hatched would, as his kind, grow mischievous," says Brutus, a Roman libertarian who could tolerate a centralized republic, but not an autocracy. He knows that states, like serpents, are ever expanding. First, they puff up. Then they hypnotize their prey. Then strike.

The philosopher who said "To thine own self be true" would never countenance the governor as a copilot in his ox cart, carriage, or 2001 Honda civic. How can thee be true to thine own self if thy freedom of choice is denied to thee?

As the Bard implied in *Julius Caesar*, there's no such thing as a beneficient autocrat. Even when his intentions are honorable.

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IDEAS ON LIBERTY
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George Westinghouse: Problem-Solver

by Charles Oliver

One man, more than any other, made possible the great network of railroad lines that connected American cities and made the U.S. economy a truly national one. That man wasn't Cornelius Vanderbilt or James J. Hill or any of the other great railroad magnates. No, those men achieved their success because of another man: George Westinghouse (1846–1914). Westinghouse received 361 patents and started 60 companies that had a total of 50,000 employees. At his peak, he was the largest private employer in the United States.

Westinghouse's path to prominence began with an accident. In 1866 he was traveling from Albany, New York, to his home in Schenectady. But his train came to a halt when one ahead derailed. Westinghouse got out to help other men inch the train back onto its tracks. Using nothing more than crowbars and brute strength, they took more than two hours.

When Westinghouse's train finally was moving again, he began to think of a better way to put trains back onto their tracks. He had little formal education, but he had a great deal of experience in his father's machine shop. And he'd already received his first patent for a rotary steam engine.

By the time he got home, Westinghouse had sketched the device he had in mind. His solution was simple, a short piece of rail that could be run off the track at an angle to the derailed cars. The locomotive would then be backed onto the rail and linked to the cars, allowing them to be pulled back onto the track.

Westinghouse also came up with an idea for a new and improved "frog," the device that allows one track to cross another. He and partners set up a company to market his invention, with Westinghouse going to work as a salesman.

The accident had also shown Westinghouse that trains needed better brakes. "The loss of time and the inconvenience arising from [the accident] suggested that if the engineers of those trains had had some means of applying brakes to all of the wheels of their trains, the accident might have been avoided," Westinghouse wrote.[1]

In the early days of railroading, a brakeman stood between every two cars. When the engineer tooted his whistle, the brakeman turned a wheel that pulled a chain that forced a brake against the car's wheels. He then jumped to the next car to stop it. If the brakemen didn't properly coordinate their work, the cars would derail. And emergency stops were all but impossible.

Because of the lack of braking power, trains tended to have no more than a half-dozen cars. And train speeds were limited to about 10 miles per hour. But derailments, crashes, and other accidents were still common.

Westinghouse saw that railroads could never live up to their potential until trains

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had a more effective brake. For three years he worked at improving train brakes. Attempt after attempt failed. But Westinghouse finally hit on the idea that worked. He would place an air compressor in the engine cab and pipes would carry the air to the brakes on each of the cars. The engineer could admit compressed air into the system to stop the train and release the air when he wanted to move.

Westinghouse received his first patent on the air brake in 1869. But he spent the rest of his life improving it. He would receive 103 patents related to the air brake before his death.

"Those who watched Westinghouse and worked with him through the years ceased to be surprised at his capacity to do extraordinary things and do them quickly. They learned, too, that this capacity was not only a matter of intellectual gifts, but also a matter of dogged industry and of power to work fast and make other men work fast," wrote biographer Henry G. Prout.[2]

Primitive Rail Traffic Control

Even as he began marketing the air brake, Westinghouse turned his attention to another safety problem plaguing railroads. Rail traffic control was primitive. For a train to switch tracks, workers had to move switches by hand. This system had much room for error. If a worker were asleep or failed to notice a signal for some other reason, a train could miss its proper path and derail or hit another train.

Westinghouse came up with a way to automate the system, using compressed air for the heavy work and electric signals to keep things in operation.

His inventions made railroads safer and allowed trains to run at higher speeds with more cars. This let goods and people travel the country more quickly and safely than ever before.

If his contributions to rail travel had been his only achievements, George Westinghouse would stand as a giant in American history. But he and his companies also found ways to transport natural gas more cheaply and safely. And his companies did path-breaking work in developing alternating-current generators and helped make electricity a widespread, reliable source of power.

Westinghouse surrounded himself with other men of genius, talented engineers such as Benjamin Lamme, William Stanley, and the remarkable Nikola Tesla. In fact, Westinghouse tried to hire only the best even in the lowliest positions in his companies. And he knew that he had to compete with other industrialists to get those workers. At a time when the workweek lasted six days, Westinghouse gave employees a half-day off on Saturdays. He also set up one of the nation's first workmen's compensation plans for injured workers and a pension plan.

Westinghouse even built the town now called Wilmerding, Pennsylvania, to house his workers. Today the phrase "company town" sounds ominous, signifying company control over a worker's life. But Westinghouse made it possible for workers to get affordable housing with indoor plumbing, electric lights, and nice yards.

Curiously, unlike such industrialists as John D. Rockefeller and Andrew Carnegie, Westinghouse despised the notion of charity. "He was convinced that charity was damaging to the giver and the receiver and should be resorted to only when there was no other alternative," wrote biographer I.E. Levine.[3]

Westinghouse thought there were better ways to help others. "I would rather give a man a chance to earn a dollar than give him five and make him feel he's a 'charity case,'" he said.

Westinghouse gave tens of thousands of men the chance to "earn a dollar." □

1. Barbara Ravage, *George Westinghouse: A Genius for Invention* (Austin, Tex.: Raintree/Steck-Vaughn, 1997), p. 24.
2. Henry G. Prout, *A Life of George Westinghouse* (Washington, D.C.: Beard Books, 2001 [1921]), p. 300.
3. I. E. Levine, *Inventive Wizard: George Westinghouse* (New York: Julian Messner, 1962), p. 136.

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IDEAS ON LIBERTY
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Does Government Always Have to Grow?

One of the benefits of historical knowledge is that it brings perspective. Things that seem obvious look quite different when you realize that they are of recent origin. Things that seem inevitable do not appear so when you look at their past. One of the best examples of this is the size of modern government.

Today in the "developed" world, governments spend on average between 40 and 60 percent of the national income. Most people take this for granted. This is where the first element of historical perspective comes in. Government spending on this scale is historically recent. In 1900 the average share of national income taken by government was about 10 percent. Government spending rose as a proportion of national income throughout the twentieth century. The two critical episodes in most countries were the two world wars. Government spending soared during the conflicts. Afterwards, although it declined, it never went back to its pre-war level.

All this is well known. There is an extensive scholarly literature on the reasons for this growth of government since 1900.[1] The common conclusion is that the growth of government was unavoidable and is irreversible. However, taking a longer view than one that stops in 1900 leads to a different conclusion. Government grew, apparently inexorably, before and then was sharply cut back.

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Modern public finance was invented in 1696, with the creation of the Bank of England. Before then rulers raised most of their income through direct loans from private bankers. This was a risky business as kings frequently found themselves unable to meet their obligations and resolved their difficulties by defaulting on their debts. The English government solved this problem by inventing the national debt, in which governments raise money by borrowing from the public through the issuing of bonds. The Bank of England had the responsibility of managing the government's borrowing. However, as contemporary critics pointed out, the consequences were disastrous.

The invention of national debt enabled the governments of eighteenth-century Britain to spend money while putting the burden of paying for it on future generations. Until the 1820s most current spending was paid for by debt. The income from taxation was used primarily to service the debt. As a result, between 1702 and 1783 interest payments to debt holders accounted for 33 percent of government spending. Repeated wars and other spending led to a steady rise in both debt and taxes. By 1815 the level of taxation was 18 times what it had been in 1660. In 1660 government spending came to 3.4 percent of national income. By 1720 it had reached 10.8 percent, and by 1815 it had reached 19 percent. Given the nature of the economy at the time, the impact was as significant as the 40 percent of national income spent by governments today.[2]

All of this was sharply attacked by critics

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such as Thomas Paine. By 1781 the burden had reached an unsupportable level. The result was a program of "economical reform" launched by the new Prime Minister, William Pitt the Younger. This meant reducing the level of debt, abolishing many government posts and sinecures, and raising a larger proportion of current spending by taxation. With these measures Pitt was able to stabilize the public finances. However the level of national income taken by the government remained constant, despite Pitt's efforts to reduce it. In 1791 war broke out with France and would continue with only a short intermission until 1815. As a result the rise of government spending began again and it reached its peak in 1815.

However the 1820s were a turning point. A series of budgets reduced the share of national income taken by government. This was taken even further in the central period of the nineteenth century. There were five elements to this policy: reduction of debt, which was used sparingly and mainly for long-term capital spending; financing of current spending through taxation and particularly income tax; steady and continuing reductions in indirect taxation; major reductions in government spending and stringent economy and control over what remained; and finally, stable money through the operation of the gold standard.

The result was that the nineteenth century was a mirror image of the eighteenth. The share of national income taken by government declined, and from the 1850s to the later 1880s was no more than 6–7 percent. Even in 1901, at the height of the Boer War, it was only 9 percent. Income tax peaked at 6.67 percent in 1855 (to pay for the Crimean War) and thereafter was stable at between 2 and 3 percent with a low point in 1876 of 0.83 percent. The cost of the Boer War and the naval arms race pushed it up to 6.25 percent in 1903, but it soon fell back, and by 1914 it was only 5.83 percent.[3]

Present Not Irreversible

All this puts the contemporary situation into perspective. Nobody should regard the present state of affairs as inevitable or irreversible. Clearly, there are many differences between the eighteenth or nineteenth century and today. However, there are also similarities. In both earlier centuries government spending was driven to high levels by a combination of elements in the political and social structures. Particularly important were the existence of relatively small but highly organized and politically influential groups that benefited from an expansive government and ways of financing state spending that obscured both its true cost and the distribution of costs and benefits.

In the eighteenth century spending rose despite vehement opposition. It then reached a natural limit, a point beyond which it proved politically and practically impossible to move. Something like this has also happened in the last part of the twentieth century. Government spending as a share of national income rose throughout the century but then hit a ceiling of between 40 to 55 percent, and has been unable to rise any further. In the nineteenth century Liberal politicians were able to reduce the size of government substantially and keep it small for a long time. The challenge facing those who would like to see a similar process today is different in some ways but fundamentally the same. Experience suggests that with the right combination of arguments and circumstances it can be done. □

1. See Thomas Borcherding, "The Causes Of Government Expenditure Growth: A Survey Of The U.S. Evidence," *Journal of Public Economics*, 28 (1985), pp. 359–82, and Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford University Press, 1987).

2. Patrick K. O'Brien, "The Political Economy of British Taxation, 1660–1815," *Economic History Review*, 2nd Series, 41 (1988), pp. 1–32.

3. Allan Duncan and Dominic Hobson, *Saturn's Children: How the State Devours Liberty, Prosperity and Virtue* (London: Politico's, 1998), pp. 61–72.

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IDEAS ON LIBERTY
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Education and the First Amendment

by Barry Loberfeld

In June the U.S. Supreme Court ruled that school vouchers do not violate the First Amendment's prohibition of the establishment of religion. The case arose out of Cleveland's voucher program. As would be expected, both pro- and anti-voucher forces have engaged in rhetorical combat.

One of the forward divisions of the anti-voucher side is Americans United for Separation of Church and State (au.org), which devoted the November 2001 issue of its flagship publication, *Church & State*, to the topic. As one who also opposes vouchers, I was surprised by what I encountered in these pages: a demonstration of the law of unintended consequences in the field of ideological advocacy. For while the arguments purport only to refute the case for vouchers, they in fact prove a far wider point.

Interestingly, concern for the preservation of public schools is expressed as often as concern for the First Amendment. One example is how *Church & State* attempts to rebut "claims that religious and other private schools would educate children better." It adduces "Cleveland mother Deidra Pearson," who "had used a voucher to enroll her son, Austin, in a participating private school. But his grades declined, and the school seemed unresponsive. Frustrated, Mrs. Pearson pulled Austin out of the private school and returned him to the public system. The boy, now attending Giddings Elementary in Cleveland, earns mostly A's and B's."

We hope we'll be forgiven if we find this single-case anecdote somewhat underwhelming as an indictment of *all* private education. We must of course weigh Mrs. Pearson against the literally hundreds of thousands of parents who obviously feel so strongly that their children do better with private education that they're willing to pay for these schools without any government assistance (including vouchers), the absence of which evidently doesn't erode the quality of the education private schools provide.

But aren't private schools religious schools? Many are, many aren't, but the question does lead to another interesting aspect of the *Church & State* case against vouchers. The April 2001 issue quotes a December 11, 2000, ruling by the U.S. Sixth Circuit Court of Appeals, which held, "There is no neutral aid when that aid principally flows to religious institutions; nor is there truly 'private choice' when the available choices resulting from the program design are predominantly religious." And the November issue (our focus) provides this opinion from Steven K. Green, once legal director for Americans United and now a professor at Willamette School of Law in Salem, Oregon: "In [*Mitchell v. Helms*, a 2000 6–3 ruling that allowed public school materials to be lent to religious schools, Justice Sandra Day O'Connor] used the term 'true private choice,' indicating that parents

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would need to have a high degree of independent choice over how and where public funds are to be spent. The Cleveland program provides parents with no choices other than religious schools while it directs the funds be spent on private school tuition. That is not 'true private choice.'"

Evidently, in its eagerness to hurl any available brickbat at the idea of vouchers, *Church & State* is oblivious to where this is going: If failure to provide "true private choice"—between a religious and a nonreligious education—is a sufficient reason to reject voucher schools, it is an overwhelming reason to reject public schools.

State Funding and Individual Conscience

In the one-page "editorial," we read: "There are many reasons to oppose vouchers: The *Washington Post* recently ran a column about a Muslim school in Northern Virginia whose leaders have close ties to the government of Iran and seem to believe that Osama bin Laden may not be such a bad guy after all. Do Americans really want to give tax dollars to such an institution?"

Should a person be forced to pay for the teaching of ideas he opposes? The journal itself provides what is a telling response, if not a definitive answer. One article brings to our attention a study of "private Christian schools' curricula" by Valdosta State professor Frances R. A. Paterson (published by *Phi Delta Kappan* in 2000) that found these to be "virtually identical to the materials produced and disseminated by the Christian Right and other economic, political, and socially conservative organizations," with "the textbooks and booklets frequently resembl[ing] partisan, political literature more than they do the traditional textbooks." Paterson's research has revealed "a political bias in which 'conservatives are cited and quoted with approval, while liberals are given less coverage, omitted, or treated in a critical fashion.'" She also found "that the texts appear to take every opportunity to espouse what would best be described as propaganda." An example: "One Bob Jones University Press text tells students that Catholics have 'perverted the truth of Christianity.'" And in *Church & State*'s "Letters" section, a reader worries that "radical fundamentalists (Christian and Muslim), militia groups, isolationists, racists, etc. would be lining up for taxpayer money to fund their mission. Isn't that one of the most compelling arguments against vouchers?"

To answer the question before it's asked: No, nowhere in *Church & State* does anyone voice concern about "taxpayer money"—either through vouchers or public education—falling into the hands of anyone "left of center." But what about the millions of people who believe that current public school texts are "virtually identical to the materials produced and disseminated" by the Christian left, for example, the National Council of Churches and other economic, political, and socially "liberal" organizations—that is, that these publications increasingly "resemble partisan, political literature more than they do the traditional textbooks"? What about those who detect in public education a "political bias" where liberals are "cited and quoted with approval," while conservatives are "given less coverage, omitted, or treated in a critical fashion"?

What is Americans United's point—that the First Amendment is violated by tax-funded right-wing bias in voucher schools, but not by tax-funded left-wing bias in public schools? Is their concern for "the rights of conscience" really a matter of "core principles," as the editorial spins it—or just a case of selective indignation? After all, if a humanist has a right not to have his tax dollars purchase textbooks that he personally feels are "fundamentalist," doesn't a fundamentalist have the same right not to have his tax dollars purchase textbooks that he personally feels are "humanist"? And if a Roman Catholic is right to object to voucher-funded school books that *Church & State* considers anti-Catholic, then isn't he just as right to object to public-school books that he considers anti-Catholic? Who will determine whether state-funded teaching violates

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the conscience of an individual—the individual or the state?

Should a person be forced to pay for the teaching of ideas he opposes? If yes, then vouchers are no more objectionable than public education. But if no, then it doesn't make a difference who the person is, what the ideas are, or where the teaching occurs—at a tax-funded voucher school or a tax-funded public school.

State Funding and School Censorship

The staffers at *Church & State* don't seem to be reading from the same page. While most are going on about how voucher schools will be free to get away with doing whatever crazy things they want, the Rev. Barry W. Lynn, the executive director of Americans United, has the opposite notion: "Voucher proponents may believe that a Supreme Court ruling in their favor is the end of the debate, but they are wrong. It will be the beginning. Once these subsidies are extended, the nation will move on to questions of regulation and accountability. The government regulates what it funds. Vouchers will inevitably open the door to extensive regulation of private religious schools [that accept them]. In time, I firmly believe many operators of private schools will come to rue the day they ever heard the word 'voucher.'"

Elsewhere (CNN.com), Lynn has projected that the regulation accompanying such funding of schools will necessitate "government inspectors prowling their halls."

It's the old principle: He who pays the piper calls the tune. And that can be nothing but the destruction of "academic freedom" in any meaningful sense. Can anyone doubt what it would do to freedom of thought—to the freedom of this country—had we a state-funded press that was regulated by and accountable to the government? Can anyone imagine our nation's newsrooms with "government inspectors prowling their halls"? It is no less repressive to allow such government control over our nation's classrooms, a control that will become only more suffocating as it climbs from the kindergartens to the colleges.

The specter of censorship is less an argument against giving tax dollars to voucher schools than an argument for withdrawing tax dollars from all schools, which would effectively grant to education the same freedom given to religion, speech, and the press.

Americans United offers some other, less dramatic reasons for opposing vouchers, such as: "Public schools are often disparaged for excessive levels of bureaucracy and 'red tape,' yet there are a number of instances in which private schools have received public aid through vouchers with embarrassing results." So voucher schools can be just as bad as public schools—what a defense! But the publication does reveal to the discerning reader the common causes of this shared problem: political access to tax dollars (that is, the lack of consumer sovereignty *and* responsibility) and the persistence of state entanglement. (Voucher money goes straight from the government to the school.)

Ultimately, what *Church & State* considers good arguments against vouchers are in fact *better* arguments against all government involvement in education. And if vouchers violate the First Amendment, it is only an example of how the *union of school and state* violates the separation of church and state. But will this realization mean anything to Americans United? Will it remain true to its animating purpose, even to the point of rejecting public education? It (along with other "civil libertarians") cannot forever sidestep the conflict between the Bill of Rights—between civil liberty—and its own commitment to the public school monopoly. □

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IDEAS ON LIBERTY
SEPTEMBER 2002

How's the Third World Doing?

by Jim Peron

The Third World is in trouble. Standards of living are plummeting, while the West is getting richer. Nearly everyone seems to believe it. The left wants to believe it as a justification for global socialism. Racists want to believe it because it "proves" the superiority of the white race. The media think it's a good story and promote it constantly, leading the vast majority of the public to believe it.

But is it true?

In the litany of reasons given to justify foreign aid, one that is meant to emphasize the poverty of the underdeveloped world is the slogan that some significant percentage of the world's population lives on less than a dollar a day. The first thing that comes to mind is, how does anyone know this? Second, is it significant? What does it mean?

One problem with the slogan is that the dollar isn't what most people think of as a dollar. The World Bank bases the standard on the 1985 dollar, which was worth more than $1.65 in 2001 dollars.

Moreover, a dollar in London or New York is not the same as a dollar anywhere in the Third World. Everyone knows you can buy a lot more housing for a dollar in Peoria than in San Francisco. The differences in purchasing power are far greater in the Third World. Having lived in Africa for over a decade, I can attest that one dollar goes a long way. (In South Africa, only 21,000 people out of 42 million earn more than $3,000 per month. The average "wealthy" family has an income close to around $10,000 a year.)

The United Nations Development Program (UNDP) uses the 1993 dollar but also considers purchasing power. It reports: "Between 1990 and 1998 the proportion of people living on less than $1 (1993 PPP [purchasing power parity] US$) a day *in developing countries* was reduced from 29% to 24%."[1] As this quotation indicates, fewer and fewer people are impoverished as time goes by.

Another statistic that is trotted out to prove things are getting worse in the Third World is per capita gross domestic product (GDP). How is this calculated? An estimate of the total economic output of a nation is divided by the number of people living in that nation. But that neglects an important fact about these economies: many of them are cash poor but labor rich. The value of human labor is not taken into account.

In the West a farmer tills his field using a tractor, which represents a substantial capital investment. But the Third World farmer tills a field with his labor. Hence one of the reasons for high birth rates in such countries is that children are seen as an investment in the future. In the First World the tractor is included in the GDP, while in the Third World the labor is not. In fact, very little of

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What precisely is happening in the Third World? According to the United Nations, World Bank, and myriad other groups that keep track, the standard of living is improving. The statistic that almost trumps all others is life span. People who find their conditions worsening don't live longer lives. But life expectancy is consistently better in the Third World than a century or even half a century ago.

Third World investment in the form of labor makes it into the GDP statistics. There are many people who do not earn the cash equivalent of a dollar a day, yet they are accumulating wealth.

There are other problems with the notion of per capita income. Every time a child is born, per capita income falls. Yet each death increases it. If a huge portion of a population died overnight, the nation, on paper at least, would appear much richer. But would anyone say the people there were better off?

What precisely is happening in the Third World? According to the United Nations, World Bank, and myriad other groups that keep track, the standard of living is improving. The statistic that almost trumps all others is life span. People who find their conditions worsening don't live longer lives. But life expectancy is consistently better in the Third World than a century or even half a century ago. In 1906 the life expectancy in India was 25 years;[2] today it's around 64.[3] As recently as 1930 the average life span in China was only 24 years.[4] Today it's 69 for men and 73.5 for women.[5]

In *The Skeptical Environmentalist,* Bjørn Lomborg notes that in France in 1800 the average life span was 30 years; it was 45 years in Denmark in 1845.[6] The vast majority of the Third World is doing much better than that. According to the United Nations, the worst region in this regard is Africa: it has an average life expectancy of about 51 years.[7] The worst of the Third World today is about where France was in 1913.[8] Africa's life expectancy today is better than similar rates in the United States a century ago.[9]

A good deal of this improvement is due to the massive decline in infant mortality. The current average infant mortality rate in Africa is 83 per 1,000.[10] That's slightly better than it was in Sweden in 1900.

Not as Good as It Gets

This doesn't mean things are as good as they could be. But things never are. Life is a process, and so is economic development. On average the Third World today is about where the Western world was at the turn of the last century. One interesting indication of this improvement is that the doomsday merchants at the United Nations have dramatically shifted the focus of their annual reports on the world's population. In past years they concentrated on food, infant mortality, and life spans, particularly in light of a "population explosion." The U.N. Population Fund's *State of the World's Population 2001* played down all those issues and instead concentrated on long-term environmental "problems" like global warming. Projections of famine in the next few decades have been replaced by concerns about slight changes in the world's climate over the next few hundred years.

Improving life spans and lower infant mortality would seem to indicate rising levels of wealth. That is exactly what is happening. World economic progress over the last two centuries has been nothing short of

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The Third World is now divided between nations that have liberalized their economies and joined the global economy and those that cling to the outmoded economic policies of interventionism and protectionism. While the new globalizers are prospering, those that cling to the past are not just stagnating but declining.

miraculous. The capitalist nations saw wealth expand 13 times in that period. Latin America expanded its wealth sevenfold, and even Africa had a fourfold increase in wealth.[11] No wonder the U.N. has said that poverty worldwide has decreased more in the last 50 years than in the previous 500.[12]

For some, however, greater wealth doesn't make up for inequality between the developed and developing worlds. For years the UNDP said inequality was increasing. But this judgment was based on exchange rates instead of actual purchasing power in different countries. Because richer countries have higher nominal prices, Lomborg says, the exchange-rate method produced "unreliable comparisons that will greatly exaggerate inequality."[13]

Eventually the UNDP came to the same conclusion and abandoned this method. Its "Human Development Report 2001" noted: "With the exchange rate measure, the ratio of the income of the richest 20% to that of the poorest 20% grew from 34 to 1 in 1970 to 70 to 1 in 1997. With the PPP [purchasing power parity] measure, the ratio fell, from 15 to 1 to 13 to 1."[14]

The idea that the world is becoming more unequal is an important weapon in the arsenal of the egalitarian left. To support the thesis, egalitarians manipulate the facts. UNICEF and the Worldwatch Institute, for example, compare differences in income in straight dollar terms. For example, suppose you earned $500 a year and I earned $5,000, then two years later your income was $1,000 and mine was $6,000. In the first year I earned $4,500 more than you. In the second I earned $5,000 more. Some consider this evidence that income has become more unequal.

But in fact you doubled your income while mine only improved 20 percent. Surely our levels of inequality declined. In the base year you earned 10 percent of my income. In the comparison year your income was almost 17 percent of mine. That's a dramatic reduction in inequality.

By most objective standards the Third World today is a much improved place. Besides the improvements already cited, educational levels are up and starvation is down. There is wider access to clean water and health care than at any time in history.

What Happened?

What explains this improvement? Since the collapse of communism in 1989 the world has gone through an ideological revolution. Central economic planning as a path to prosperity was discredited. The *2002 Index of Economic Freedom* gives some indication of how this translated into policy changes in Third World nations. The *Index* rates the majority of nations on economic freedom going back to 1995. Of the nations rated, some 105 would be considered developing countries. Of those, almost two-thirds, or 65 of them, are more economically free today than they were in the past. In 23, economic freedom has declined, and in 17, it has remained about the same.[15]

Of course, to say that life is improving on average does not mean that things are improving equally for all people. Most of the economic progress in developing countries is

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taking place in a minority of the nations. Luckily those nations contain about 60 percent of the population of less-developed countries.

So why are 60 percent seeing major improvements in life while 40 percent are not? The integration of individual economies into a global free-trade regime has dramatically changed the world, and this improvement is most obviously seen in the standard of living for globalized Third World nations. According to the World Bank, 24 developing countries in particular have joined the globalization revolution, and most of the improvement in Third World economic conditions is limited to those nations alone.

The World Bank said:

> Countries that strongly increased their participation in global trade and investment include Brazil, China, Hungary, India, and Mexico. Some 24 developing countries—with 3 billion people—have doubled their ratio of trade to income over the past two decades. The rest of the developing world actually trades less today than it did 20 years ago. The more globalized developing countries have increased their per capita growth rate from 1 percent in the 1960s, to 3 percent in the 1970s, 4 percent in the 1980s, and 5 percent in the 1990s. Their growth rates now substantially exceed those of rich countries. . . .[16]

The Third World is now divided between nations that have liberalized their economies and joined the global economy and those that cling to the outmoded economic policies of interventionism and protectionism. While the new globalizers are prospering, those that cling to the past are not just stagnating but declining. The average per capita growth in those countries was a negative 1.5 percent. The World Bank study noted:

> The striking divergence between the more globalized and less globalized developing countries since 1980 makes the aggregate performance of developing countries less meaningful. However, since 1980 the overall number of poor people has at last stopped increasing, and has indeed fallen by an estimated 200 million. It is falling rapidly in the new globalizers and rising in the rest of the developing world. Non-income dimensions of poverty are also diverging. Life expectancy and schooling are rising in the globalizers—to levels close to those prevailing in rich countries around 1960. They are falling in parts of Africa and the FSU [former Soviet Union].[17]

There's good news even in the bad news: If the developing countries that are declining are doing so because of bad policies, a shift to market reforms will produce the same stunning improvements we see in the new globalizers of the Third World. □

1. Sakiko Fukuda-Parr et al., *Human Development Report 2001* (New York: Oxford University Press, 2001), p. 22, emphasis added.
2. Bjørn Lomborg, *The Skeptical Environmentalist* (New York: Cambridge University Press, 2001), p. 51.
3. United Nations Population Fund, *State of the World Population 2001* (New York: United Nations Population Fund, undated), p. 68; www.unfpa.org/swp/swpmain.htm.
4. Lomborg, p. 51.
5. *State of the World's Population 2001,* p. 67.
6. Lomborg, p. 50.
7. *State of the World's Population 2001,* p. 67.
8. Julian Simon and Herman Kahn, eds., *The Resourceful Earth* (New York: Basil Blackwell, 1984), p. 51.
9. Lomborg, p. 53, where he notes that in 1900 the life expectancy of a newborn American girl was 48, three years less than in Africa today.
10. *State of the World's Population 2001,* p. 67.
11. Lomborg, p. 71.
12. U.N. Development Program, "Human Development Report" 1997, http://hdr.undp.org/reports/global/1997/en/default.cfm.
13. Lomborg, p. 74.
14. "Human Development Report," p. 20.
15. Gerald P. O'Driscoll, Jr., Kim R. Holmes, and Mary Anastasia O'Grady, *2002 Index of Economic Freedom* (Washington, D.C.,: Heritage Foundation, 2002).
16. World Bank, *Globalization, Growth, and Poverty* (New York: Oxford University Press, 2002), p. 5.
17. Ibid., p. 7.

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IDEAS ON LIBERTY
SEPTEMBER 2002

Equality and Capitalism

Probably the most common charge against capitalism is that it creates wealth and income inequality. The frequency of this allegation testifies to the fact that it strikes a chord with large numbers of people. It's so *believable*. After all, who can deny that Bill Gates, Warren Buffett, and bond traders each have vastly more money than ordinary folks do?

Friends of capitalism typically concede that it promotes greater wealth inequality. Even Ludwig von Mises wrote that "inequality of wealth and income is an essential feature of the market economy." But, like Mises, pro-market scholars go on to point out that inequality is the price paid for the immense and widespread prosperity unquestionably made possible only by the free market. "Sure, there's more wealth inequality," the concession goes, "but even the poorest people are much better off with capitalism than without it."

Let's not be so quick to grant that capitalism creates greater wealth inequality.

Do a mental experiment. Imagine resurrecting an ancestor from the year 1700 and showing him a typical day in the life of Bill Gates. The opulence would obviously astonish your ancestor, but a good guess is that the features of Gates's life that would make the deepest impression are that he and his family never worry about starving to death; that they bathe daily; that they have several changes of clean clothes; that they have clean and healthy teeth; that diseases such as smallpox, polio, diphtheria, tuberculosis, tetanus, and pertussis present no substantial risks; that Melinda Gates's chances of dying during childbirth are about one-sixtieth what they would have been in 1700; that each child born to the Gateses is about 40 times more likely than a pre-industrial child to survive infancy; that the Gateses have a household refrigerator and freezer (not to mention microwave oven, dishwasher, and radios and televisions); that the Gateses's work week is only five days and that the family takes several weeks of vacation each year; that each of the Gates children will receive more than a decade of formal schooling; that the Gateses routinely travel through the air to distant lands in a matter of hours; that they effortlessly converse with people miles or oceans away; that they frequently enjoy the world's greatest actors' and actresses' stunning performances; that the Gateses can, whenever and wherever they please, listen to a Beethoven piano sonata, a Puccini opera, or a Frank Sinatra ballad.

In short, what would likely most impress a visitor from the past about Bill Gates's life are precisely those modern advantages that are not unique to Bill Gates—advantages now enjoyed by nearly all Americans.

And while we modern Americans focus on how much more money Bill Gates has than the rest of us, our time-traveler would likely

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find the differences separating Gates from average Americans to be much smaller than the gargantuan differences between his own pre-industrial life and that of today's ordinary Americans.

He would also likely find the wealth differences between ordinary Americans and the richest Americans trivial compared to the differences between most pre-industrial folk and the royalty who ruled them.

Before capitalism, royalty and the nobility had exclusive access to a deep pool of servants and amenities that made their lives vastly more agreeable than those of ordinary people. For example, monarchs spent no time washing clothing; their servants washed it for them. When dusk came and indoor lighting was needed, the rich just snapped their fingers and servants lit the chandeliers and candles of the great houses—and these or another set of servants emptied their masters' chamber pots when necessary. Whenever the king fancied listening to a string quartet or watching a play, his court musicians and actors performed for him. If he or a powerful noble wanted to send a message to someone miles away, a messenger galloped off to deliver it. Needing to bathe, members of the royal household counted on servants to draw and heat the water for their baths. And only the rich could afford books.

A Flick of the Wrist

In modern America, no such differences separate the rich from the rest of us. We have automatic washing machines and clothes dryers (and inexpensive neighborhood laundries) that rescue us from the time-consuming, backbreaking, and dangerous labor of washing our clothes the pre-industrial way. When we need light, or want to listen to music or watch a movie, a flick of the wrist brings light instantaneously and a touch of a button brings expert performances to us in the privacy of our homes. When we wish to gossip with a friend 3,000 miles away, we do so effortlessly. Each of us bathes or showers whenever we want simply by turning on hot and cold running water from our taps, and our modern version of the chamber pot is emptied whenever we wish by indoor plumbing. Our homes are full of books.

The fact is, material benefits enjoyed in the past only by the superrich are, in today's capitalist societies, enjoyed by nearly everyone. This undeniable fact demolishes accusations that capitalism creates inequality.

I made this point recently to an e-mail acquaintance. She accused me of belittling the plight of poor and middle-income Americans. Her argument boiled down to the claim that material things such as home appliances, indoor plumbing, and telephone service are irrelevant. "Life is more than materialism!" she insisted, complete with exclamation mark.

I responded in this way: "I don't understand. You say that the market's great failing is that it distributes wealth too unequally. I say that it distributes wealth—actual material amenities—far more evenly than people realize when they look only at money. You're correct that life is more, much more, than materialism. But if you grasp this point, why do you worry about the amount of *money* people have? Surely money is even less significant than what it can buy. But if you insist on believing that the distribution of *monetary* assets is the proper focus, I will proudly consent to being called a materialist—for I will then call you a 'moneyist.' Better to be a materialist than a moneyist."

The next time you hear someone lament the unequal distribution of money in a market economy, challenge him or her to show the relevance of that fact in light of the larger fact that capitalism continually makes increasing numbers and varieties of goods and services accessible to ever larger numbers of people. □

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BOOKS

Reassessing the Presidency: The Rise of the Executive State and the Decline of Freedom

edited by John V. Denson

Ludwig von Mises Institute • 2001 • 745 pages • $35.00

Reviewed by George C. Leef

Imagine that there is an equivalent of the Academy Awards for politicians. We have just gotten to the big moment.

"And the Oscar for Greatest President goes to . . . . um . . . . Martin Van Buren?"

Almost no one ever thinks of Martin Van Buren at all, much less as the greatest American president, but in this magnificent treasure trove of historical iconoclasm, you will find Jeffrey Rogers Hummel's essay, "Martin Van Buren: The American Gladstone," wherein he contends that the president who least betrayed the philosophy of the Founders was indeed "The Red Fox of Kinderhook."

John Denson's achievement here is to bring together 23 essays dealing with various presidents individually and with presidential power generally. The perspective of all the writers is classically liberal, and that makes for a complete inversion of the usual historical view of the presidency. Most historians have a statist bias that makes them prone to regard as "great" presidents who expanded the power of the federal government. The writers Denson has assembled, to the contrary, analyze presidents by their fidelity to the Constitution. If you want to arm yourself to engage in intellectual combat with people who adhere to the conventional notions of presidential history, this book is an absolute must.

There is so much in this hefty volume that it isn't possible to do more than mention a few personal favorites, although not one of the essays disappoints.

The book's first essay, "Rating Presidential Performance," by the well-known team of economists Richard Vedder and Lowell Gallaway, asks whether it might be the case that presidents are inclined toward "activism" (which is to say, aggrandizement of federal and especially executive power) because that is what is apt to build one's historical legacy. They write, "If presidential scholars on balance have a bias toward activism, we would hypothesize that there would be a positive relationship between the growth of the relative size of government during a presidency and the reputation of that president with the presidential scholars." The authors proceed to compare the rankings of presidents given by several scholars, who invariably accord "greatness" to those who expanded federal power enormously, with their own ranking, which gives high marks for holding down (better still, decreasing) the federal budget. Vedder and Gallaway regard as our best presidents the likes of Andrew Johnson and Warren Harding, who downsized war-bloated federal behemoths.

H. Arthur Scott Trask takes a fresh look at Thomas Jefferson. Certainly Jefferson was not one of the great aggrandizers, but neither did he adhere strictly to the principles of the Founding. He was elected with the promise of a new "revolution" that would undo the Federalist excesses. Trask concludes, however, that "Jefferson's failure to institutionalize his 'revolution' was due to his misplaced faith in the good sense of the people. He simply could not believe that they would ever discard the Constitution and its restraints on power for the allure of an energetic state that could accomplish 'great' things. He was wrong."

Richard Gamble's essay, "Woodrow Wilson's Revolution Within the Form," provides the reader with a remarkably clear-eyed view of our mawkish president from Princeton. He quotes Wilson's first inaugural address: "There has been a change of government," Wilson intoned. Henceforth, the U.S. government would be "put at the service of humanity." This disastrous shift from more or less minding our own business and

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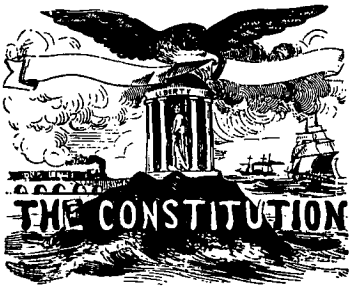
letting individual Americans decide whether they wanted to do anything to help "humanity" to the busybody state we now have was Wilson's doing. Gamble's analysis is razor-sharp. "Wilson was a gnostic revolutionary at the most elemental level in that he wished to repeal the past by waging war against the institutions of the past."

Harry Truman's star has been in the ascendancy in recent decades, with some historians putting him in the "near-great" category. Ralph Raico devastates that notion with his essay, "Harry S. Truman: Advancing the Revolution." Far from the plain spoken man of common sense that modern admirers paint, Truman was a devoted statist disciple of Franklin Roosevelt, who was held back from many outrageous attacks on American freedom only because Congress balked at them. For example, when railroad workers went on strike in 1946, Truman wanted to respond by drafting them into the army. His Attorney General told him that the existing Draft Act didn't give him that power, so a bill was hastily drafted and passed the House overwhelmingly. Fortunately, the Senate had the sense to reject the bill. Another shining example of the Truman mind at work is his proposal for a government takeover of the meat-packing industry when, owing to the continuation of wartime price controls, the nation faced a meat shortage. Raico writes, "ever the cheap demagogue, [Truman] pilloried the meat industry as responsible for the shortage." The idea of nationalizing the meat industry was dropped only because it was seen as "impracticable."

Those are but a few tasty morsels. Buy this fabulous book for the entire feast. □

George Leef is book review editor of Ideas on Liberty.



Investor Politics: The New Force That Will Transform American Business, Government and Politics in the Twenty-First Century

by John Hood

Templeton Foundation Press • 2001 • 308 pages • $24.95

Reviewed by David L. Littmann

What better way to strengthen the roots of capitalism than to give its participants a stake in the system! But how? This is the question John Hood addresses in *Investor Politics*. In a world filled with envy, largely reflecting hatred of capitalism's wealth-building capabilities, it is refreshing to read the author's optimism about what's leading us away from the socialist trends of the past century and a half.

One might think of Hood's thesis as trendy. After all, the past two decades have vindicated significant portions of his main theme: that most households are favorably disposed toward politicians whose proposals strengthen individual ownership and freedom to manage their own assets.

Starting with a wonderfully prescient quote from Thomas Jefferson, the author does the reader a great service by tracing the historical forces and individuals most responsible for the rise of America's welfare state. He emphasizes the powerful political movements that arose in response to migrations of citizens from a largely agrarian economy to a dense, more specialized, and predominately urban society. As farmers on their own land and as entrepreneurial merchants in small towns, Americans lived rather self-reliantly, owning most of their capital and labor resources. But as technology and investment capital flowed into agriculture, productivity and output rose, rendering much farm labor redundant.

Hood contrasts the land- and home-ownership situation of a farmer with the condition of a worker facing weekly or monthly rent payments required for living in rapidly growing industrial cities during the second half of the nineteenth century. The

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psychology and politics diverge sharply, based on such factors as self-employment versus employee status, and ownership of one's own land and tools versus paying a landlord and leasing tools and equipment owned by a capitalist banker or shareholder.

The author dates the hatching of America's cradle-to-grave welfarism with the writings of Edward Bellamy, the influential American journalist who wrote the utopian novel *Looking Backward*. But Hood is careful to chronicle the ways in which the foundations for America's welfare state had already been excavated by the time Bellamy achieved national notoriety in the late 1880s. Hood is at his best when organizing for readers the political threads that coalesced to give us today's welfarism.

Ironically from our current perspective, the Progressives were urban and voted for the Republican Party and the Populists were rural and voted for the Democrats. Hood explains how, by 1912, all political parties stood for increased government intervention in the economy. Proliferation of immense federal programs in the New Deal era marked a natural outgrowth of these earlier statist movements and the financial and employment insecurities exacerbated by the Great Depression.

Again, one testimony to the excellence of Hood's book is its historical continuity. He recapitulates for readers the squalor of congressional pandering to the "envy lobby" of a bygone decade. However, note that the pandering to envy described here occurred 40 years before the Depression. Specifically, Hood points to Populist calls in the early 1890s for a peacetime corporate income tax not to raise revenues, but to redistribute income, and the 1894 congressional enactment of the first personal income tax since the Civil War.

As coherent and helpful as the historical developments presented by Hood are, his chief mission in writing the book is captured in its subtitle, which might be paraphrased: "Ways to restore American self-reliance, responsibility, and limited government." From the introduction of 401(k) plans in the 1980s to welfare reform in the 1990s to early 21st-century momentum aimed at restructuring and circumventing the public-school monopoly, Hood is convinced that the public has made a profound course change. Aided by economic growth and prosperity in the 1990s, the author sees a growing segment of the public becoming increasingly insistent on controlling their own financial affairs and increasingly disaffected by government's relentless assault on household incomes, assets, and private decision-making.

Hood is simultaneously convincing and entertaining: authoritative and educational in his proposals for generating permanent reform through greater individual asset ownership, and entertaining in how he uses history and empiricism to defrock political and economic charlatans. Citing the wisdom of Aristotle as his premise—"Great is the good fortune of a state in which the citizens have a moderate and sufficient property"—Hood details the virtues of individually owned medical and educational savings accounts, privatization of Social Security, elimination of income taxation, and more welfare and unemployment-related reform.

The author harbors no illusions that converting our entitlement mindset into an investor mindset will be quick or easy, especially with entrenched bureaucracies and constituencies. But he sees favorable trends.

In a hard-hitting "war room" segment, Hood outlines a six-point strategy for undermining the welfare state. The key it seems to me is the author's call to reformers to "clearly challenge the underlying immorality of writing envy into law." □

David Littmann is senior vice president and chief economist with Comerica Bank in Detroit, Michigan.

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Only One Place of Redress: African Americans, Labor Regulations, and the Courts from Reconstruction to the New Deal

by David E. Bernstein

Duke University Press • 2001 • 189 pages • $39.95

Reviewed by Charles W. Baird

Most black people believe that history demonstrates the necessity of labor-market regulations on their behalf. The message of this book is that the one place of redress blacks (and other minorities) had against discriminatory state and federal economic regulations was the court system guided by the principles of what came to be called, and later was excoriated as, Lochnerian jurisprudence. The free market, protected by the courts following long-established precedents, was the friend of black workers; politics was the enemy.

In 1905 the U.S. Supreme Court in *Lochner v. New York,* struck down a state regulation setting maximum working hours on the grounds of freedom of contract. From then until 1937 the Court frequently struck down economic regulations for that reason and because class legislation—which benefited special interests at the expense of others—was illicit. Conventional wisdom holds that Franklin Roosevelt's 1937 defeat of Lochnerian jurisprudence (by his Court-packing threat) was a great triumph in the battle for social justice. To the contrary, Bernstein argues, Roosevelt's triumph was a blow to the interests of blacks.

The first chapter of this well-researched book examines the emigrant-agent laws passed in several southern states to inhibit black workers from migrating from low-wage to higher wage states. Typically, the laws required the agents—who informed workers of better opportunities elsewhere, recruited them to relocate, and helped them do so—to pay exorbitant licensing fees and imposed severe penalties for failure to comply. Plantation owners and other employers in the out-migration states lobbied for such legislation to keep their black labor force captive. The agents, however, were often able to overturn such laws in courts on Lochnerian grounds (even before the *Lochner* decision).

Chapter two focuses on the use of occupational licensing laws to discriminate against blacks in plumbing, barbering, and medicine. The Supreme Court upheld licensing of physicians in 1888 on public-health grounds. In 1921 the Court empowered state legislatures to set up licensing boards for other occupations with the authority to "determine the subjects of which one must have knowledge; the extent of the knowledge in each subject; the degree of skill requisite; and the procedure to be followed in conducting the examination." In the cases of plumbing and barbering, white unions exploited the licensing statutes to exclude blacks. In medicine the 1910 Flexner report was used by white elitist medical associations to close black medical schools and prevent blacks even from sitting for licensure exams.

Chapter three explains how white unions were able to exploit the 1926 Railway Labor Act (RLA), which gave them monopoly control of the railway labor market, to overcome benefits received by blacks from various labor injunctions and "yellow dog" (union-free) contracts. Prior to the RLA, courts frequently issued injunctions against discriminatory practices of railway unions in labor disputes. These injunctions were a blessing to blacks who, for example, were able to replace white strikers. Union-free contracts often became opportunities: for blacks to take the jobs of white workers who were dismissed for violating their union-free promises. Both labor injunctions and yellow-dog contracts were upheld by the Supreme Court on Lochnerian grounds.

Chapter four tells how the 1931 Davis-Bacon Act was (and still is) used to decrease employment opportunities for blacks in the construction industry. The Act requires that "prevailing wages" (in practice, union wages) be paid to workers on construction projects financed with federal money. Excluded from white unions, the only way

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blacks could compete for construction jobs was to work for union-free contractors for market wages lower than union-scale wages. Those union-free contractors and their black employees were effectively excluded from those projects by Davis-Bacon, which was racist in intent and effect.

Chapter five deals with New Deal labor laws including the National Labor Relations Act (NLRA, 1935) and the Fair Labor Standards Act (FLSA, 1938). Section 9(a) of the NLRA made monopoly bargaining the law of the land, and unions with monopoly power often excluded blacks from membership. The FLSA, which was advocated by Northern politicians, unions, and many employers, was designed to inhibit competition from southern employers, many of whose workers were blacks. If the Supreme Court hadn't tossed out Lochnerian jurisprudence, the offending legislation would never have been allowed to stand and black workers might be much better off today.

At the very least, the author makes it clear that Lochnerian jurisprudence provided a safe haven for blacks against class legislation aimed at them. The market, not politics, is the best friend of all victims of discrimination. Thanks to David Bernstein for emphasizing that vital point with his excellent historical, legal, and economic analysis. □

Charles Baird, a professor of economics and the director of the Smith Center for Private Enterprise Studies at California State University at Hayward, writes a quarterly column for Ideas on Liberty.

Why Our Drug Laws Have Failed and What We Can Do About It

by James P. Gray

Temple University Press • 2001 • 288 pages • $18.95

Reviewed by Paul Armentano

Among regular readers of this publication, the notion that America's drug war brings more harm than good is hardly a news flash. But while the message of *Why Our Drug Laws Have Failed and What We Can Do About It* may not be unique, its messenger, Orange County (Calif.) Superior Court Judge James P. Gray, certainly is.

As a former federal prosecutor, who once held the record for the largest drug prosecution in the history of the Central District of California, and as a veteran trial judge, Gray has observed the consequences of both drugs and the drug laws up close. His assessment is unequivocal. "The results of our country's Zero Tolerance Drug Prohibition policy are multifaceted, overlapping, and overwhelmingly negative," he writes. "I have learned from over twenty years of experience that although the War on Drugs makes for good politics, it makes for terrible government."

How so? Consider this. Since 1988, the year Congress passed the U.S. Anti-Drug Abuse Act declaring its farcical intent to create a Drug-Free America by *1995*, the federal government has spent more than $161 billion enforcing U.S. anti-drug policies. (State governments have spent nearly an equal amount.) In addition, police have arrested approximately 16.7 million Americans on drug charges, a total greater than the combined populations of New Mexico, West Virginia, Nebraska, Idaho, Maine, New Hampshire, Hawaii, Rhode Island, Montana, Delaware, South Dakota, Alaska, North Dakota, Vermont, and Wyoming. Yet, despite this unprecedented campaign, Gray laments: "Today there are more drugs available in our communities, and at a lower price, than ever before. As a direct result of the enormous amount of money available from illicit drug sales, the corruption of public officials and private individuals in our society has increased substantially. We have a much higher incidence of diseases, such as hepatitis and AIDS. The War on Drugs has resulted in the loss of more civil liberties protections than any other phenomenon in our history. Instead of being shielded, our children are being recruited into a lifestyle of drug selling and drug usage by the current system. And revolutionaries and insurgents abroad are using money procured from the illegal sale of drugs to undermine legitimate governments all over the world. We could

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not have achieved worse results if we had tried."

Gray's evidence is persuasive. No one who reads this book and thinks objectively about the issues it raises will favor a continuation of our present drug policy. But perhaps most noteworthy about Gray's book is his avowal that he is not alone in his beliefs. "[Although] there may be a few judges in this country who believe that our current drug policy is working, they are surely a small minority," Gray maintains. Most judges have strong views about how to improve our drug policies and many, like Gray, are unafraid to voice their criticisms publicly.

Gray's treatise is punctuated with critiques from some of the judicial community's most prestigious members, including Gilbert S. Merritt of the U.S. Court of Appeals in Nashville, Senior Judge John K. Lane Jr. of the U.S. District Court in Denver, Idaho Supreme Court Justice Byron J. Johnson, and Phoenix Appellate Judge Rudolph G. Gerber. Taken together, their remarks offer one of the strongest denunciations to date of America's misguided drug-war policies. Coming from judges, it will be hard for the usual gang of drug-war proponents to dismiss it as irresponsible or self-serving.

Unlike many previous indictments of U.S. drug policy, *Why Our Drug Laws Have Failed* also proposes some solutions. From an individual perspective these include educating ourselves to viable drug-policy alternatives, looking critically at television and news coverage on illicit drugs, and publicly confronting those with vested economic or psychological interests in maintaining the status quo. On a national level Gray recommends "de-profitizing the illegal drug market" (by which he means treating currently illicit drugs like other regulated intoxicants or prescription medicines already sold in the market), rescinding America's international anti-drug treaty obligations, turning drug policy over to the states, eradicating mandatory minimum sentencing, reforming asset forfeiture laws, licensing physicians to prescribe medical marijuana, and ending federal subsidies for growing tobacco.

As is the case throughout the book, the author's conviction in his principles is unwavering. "I am so convinced of the rightness and benefits of the course I am proposing that I will end this discussion with a guarantee," he writes. "If we abandon our failed drug policy and implement the programs I have outlined here, crime in the United States will be reduced by a minimum of 35 percent." *That* should attract some attention.

Someone once said that all truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as self-evident. In Judge Gray's opinion, America is nearing the self-evident stage when it comes to recognizing our drug-policy failures. As long as he and those like him resolve to speak out publicly, loudly, and often, we will inevitably reach that third phase sooner rather than later. □

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A Question of Intent: A Great American Battle with a Deadly Industry

by David Kessler

PublicAffairs • 2001 • 492 pages • $27.50 cloth; $16.50 paperback

Reviewed by Sam Kazman

How should we regard the tobacco industry? Specifically, how should we view its actions before the late 1990s, when a combination of regulatory and litigation onslaughts changed its very nature? Before that time, was the industry engaged in dishonestly hooking the public on a product that it knew to be deadly, or was it legitimately catering to human desires?

My own view is that once the federal government mandated cigarette warning labels in 1965, people had adequate notice of the risks of smoking. This was so even though the industry continued to argue there was no proven link between smoking and disease, and even though tobacco ads were full of healthy,

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vibrant people. Perhaps there was a time before 1965 when the industry was culpable, but not after the advent of health warnings.

But even this view leaves many open questions. I didn't expect to have them all resolved by David Kessler's book, but I was surprised at how few answers it actually provides.

A Question of Intent is Kessler's account of his campaign, as head of the Food and Drug Administration (FDA), to regulate tobacco. It begins with his appointment as commissioner in 1990 and ends a decade later, when the Supreme Court ruled that the FDA does not have the power to regulate tobacco as a medical drug or device. The FDA had considered and rejected regulating tobacco before 1990, but it was Kessler who came up with the innovative characterization of smoking as a pediatric disease. His book focuses on his hunt for proof of nicotine "spiking"—that is, that the industry chemically manipulated tobacco to raise either the amount or the impact of nicotine, supposedly to make a more addictive cigarette. If nicotine spiking occurred, this would allegedly be evidence that cigarettes were a pharmacological product subject to FDA control.

But is nicotine spiking bad? Higher nicotine, after all, means that a smoker can get the nicotine he craves with less tar, and tar is the real medical poison in cigarettes. In fact, there was a time when some health researchers expressly advocated nicotine spiking as means of *reducing* the risks of smoking. Kessler, unfortunately, ducks this issue.

The book occasionally reads like a good detective novel, but too often stumbles on details, mostly involving David Kessler. There is hardly a page that doesn't contain the words "I" or "me," and Kessler constantly reminds us of his devotion and diligence. Despite this, we get a surprisingly opaque picture of Kessler himself. Consider his description of his childhood ambitions: "Early on, I knew that I wanted to work in Washington. I also knew that I would become a doctor." Now the desire to be both a politician and a physician is an unnatural combination of youthful career plans, and begs for explanation. Kessler provides none.

While industry-bashing is to be expected in such a book, Kessler sometimes contradicts his own jibes. He repeatedly criticizes tobacco companies for portraying the FDA's proposal as a prelude to total prohibition. But as Kessler later admits, the industry wasn't the only one predicting prohibition; many FDA staffers, including Kessler himself at times, believed that regulation would inevitably lead to a ban.

Kessler does offer, perhaps unintentionally, some arguments for deregulation. He notes that the FDA, in its focus on preventing the approval of unsafe drugs, tended to ignore the risks of delaying needed drugs: "Speeding access to urgently needed products was not nearly so deeply ingrained in our culture. . . . Many drug reviewers had become accustomed to working at an academic tempo, largely devoid of deadline pressure." Nonetheless, Kessler doesn't waver in defending the agency's power.

Similarly, he notes how the very possibility of FDA regulation may have restricted tobacco industry research decades ago. Executives feared that their pharmacology studies might lead not only to a better, safer cigarette, but also to FDA jurisdiction. So on the advice of industry lawyers, the research was carried on clandestinely. As Kessler's book demonstrates, the lawyers were right—the FDA seized on those studies to build its case.

But the real problem with this book isn't Kessler's pro-regulatory ideology, but his refusal to even consider whether cigarettes might not satisfy some legitimate human need. His only explanation of how tobacco executives live with themselves is that they "compartmentalize" their jobs. His only explanation of the Supreme Court's ruling is that it "followed ideological lines." His inability to comprehend other points of view is maddening. How would he respond to Cornell Professor Richard Klein's view, in his book *Cigarettes Are Sublime* (1993), that "cigarettes, though harmful to health, are a great and beautiful civilizing tool and one of

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America's proudest contributions to the world"? And if you asked Dr. Kessler whether it was possible that the industry, through all its playing around with nicotine, was just trying to produce a better smoke, he'd probably be dumbfounded. □

Sam Kazman is general counsel of the Washington-based Competitive Enterprise Institute.

Colossus: How the Corporation Changed America

by Jack Beatty, editor

Broadway Books • 2001 • 506 pages • $30.00

Reviewed by Burton Folsom, Jr.

"The American boy of 1854," Henry Adams observed, "stood nearer to the year 1 than the year 1900." A major reason was the development of the corporation and the rise of the United States to a world power during the late 1800s.

In *Colossus*, editor Jack Beatty, as his book's subtitle suggests, looks at "how the corporation changed America." The corporate structure, with its division of labor, vertical integration, and economies of scale, indeed has transformed American society in the last 150 years. Beatty, a senior editor at *Atlantic Monthly,* collects both primary and secondary sources to chronicle his story of how the corporation has reconfigured American life. He adds his own analysis throughout and also intersperses one-page excerpts from key sources to dramatize the impact of the corporation. Some of his primary sources, such as Roger Taney's Supreme Court decision in the *Charles River Bridge* case, are excellent and well chosen; some of his secondary sources are good, too, especially the writings of Alfred Chandler, Paul Johnson, James C. Collins, and Jerry Porras.

Beatty unfortunately tends to overlook the writings of major entrepreneurs, such as James J. Hill's *Highways of Progress*, Henry Ford's *My Life and Work*, or Andrew Carnegie's and John D. Rockefeller's autobiographies. Such omissions are important because Beatty often sees massive problems created by corporations, which, he argues, needed to be corrected by government regulation. He underestimates the ability of free markets to maintain competition and low prices, and he does not seem to understand that regulation seldom has the beneficial effects that the "reformers" seek. The big story, largely untold by Beatty, is that the rise of massive corporations usually did not harm smaller, more innovative competitors. In the early 1900s, for example, tiny Gulf Oil innovated in off-shore drilling and grew steadily at the expense of behemoth Standard Oil. Also, the "great merger wave of 1895–1904," which Beatty deplores, did not frustrate capable entrepreneurs. The creation of U.S. Steel in 1901—Beatty wrings his hands over that, too—did not spell doom for imaginative competitors; Bethlehem Steel innovated in structural steel and steadily captured market share from U.S. Steel throughout the early 1900s.

On the Great Depression of the 1930s, Beatty faithfully repeats the "underconsumptionist thesis," which, to simplify, states that the U.S. economy went into a tailspin because rich corporate executives in the 1920s underpaid their workers, who then could not afford to buy the products they made. Historical research has shown, however, that most corporations gave their employees a steadily increasing share of their profits. Moreover, prices on key products steadily dropped throughout the 1920s. As Peter Temin of MIT concluded over 25 years ago: "The concept of underconsumption has been abandoned in modern discussions of macroeconomics . . . [and] is untenable." Evidently, constant repetition of the statist canard that the free-market system was responsible for the Depression has so penetrated the minds of writers like Beatty that they don't bother with any research on the point.

After faulting corporations for helping trigger the Depression, Beatty goes on to say, "The New Deal, taken all in all, was a good deal for American business." In fact, the New Deal was a disaster for American business—high corporate taxes and high person-

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al income taxes siphoned capital away from economic development; regulations interfered with efficient use of resources; unemployment stood at almost 15 percent in 1940, eight years after Roosevelt was first elected. It's true, as stated in one of Beatty's sources, that IBM flourished during the 1930s. But Thomas Watson, the president of the company, endorsed Franklin Roosevelt for president and then received the whole punch-card business from the government for the Social Security program. Those who opposed Roosevelt did not do so well.

Beatty's book is not a thoroughgoing anti-business screed. There is some balance to it. He includes articles that show how many corporations, old and new, have provided excellent employment opportunities, low prices, and good service to customers. The stories of Merck, Hewlett-Packard, and Johnson and Johnson show the remarkable success of visionary companies in capturing talent and markets because they had integrity and cared about their employees and customers.

In short, Beatty's book is a useful collection of sources on the history of the corporation, but is badly marred by the author's tendency to trust government more than markets to give customers what they want. □

Burton Folsom, Jr., historian in residence at the Center for the American Idea in Houston, Texas, writes a quarterly column on economic history for Ideas on Liberty.

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IDEAS ON LIBERTY
SEPTEMBER 2002

What Do Farmers Want from Me?

You'd think in a democracy that the greater the number of people on your side of an issue, the more likely it will be that you'll get your way. But it ain't necessarily so. As Mancur Olson, Gary Becker, and others have pointed out, in politics, small is often beautiful.

Take farmers. When farmers were numerous in this country, they had less political influence than today now that they're a minuscule portion of the population. The reason is that we're not a pure democracy where majority rule decides every issue. We're a constitutional republic. That's a glorious thing. It prevents minorities from being tyrannized by the majority. But it also allows minorities to exploit the majority.

In the case of agricultural policy, the geographic concentration of farmers leads to their having much more political power than they otherwise would have in a pure democracy. Their small numbers make it easier for them to organize effectively to lobby and fundraise. Their geographic concentration means that in some states their political power is enhanced. And because each state has two senators regardless of population, farm-state senators have disproportionate influence on political outcomes.

It's an international phenomenon. French farmers have disproportionate power compared to the average French citizen. And the same goes for Japan. But it doesn't happen in India, where farmers are numerous.

America's farmers recently flexed their muscles in getting a new farm bill with billions of dollars worth of subsidies. You'd think farmers would be embarrassed to be on the dole, one hand on the plow, the other hand rifling through my wallet and yours. Some of them are embarrassed. But a lot of farmers try to keep the moral high ground at the same time they're stooping to take taxpayer money. In Japan, farmers propagandize about the dangers of foreign rice. That helps rationalize protectionism that keeps Japanese rice prices many times above prices outside of Japan.

In America, farmers talk about the inherent importance of farmland for farmland's sake. They talk about the importance of guaranteeing America's food supply. (Yet somehow, for the myriad of food stuffs without subsidy, the shelves are always full.)

Farmers and their friends in Washington can get pretty creative when finding reasons for why they should be protected from competition. The milk business in America is highly regulated. Such regulations lead to strange outcomes that would never persist in a free market—dairy farming in Florida and large, persistent differentials in milk prices across state lines.

I once heard the director of the Northeast Dairy Compact try to justify its existence at a congressional hearing. The Compact is a cartel Congress authorized to protect northeastern dairy farmers in the United States

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from competition. Why was such a cartel justified? Milk is different from other products, the director explained—it's perishable. But lots of products are perishable, a senator pointed out. Well, it's more than that, said the director. Milk's bulky, he explained.

Bulky? There are many bulky products that do just fine without federal subsidy. But even so, how is milk bulky? He might have just as well have said that milk is special because it's white. Really white. Really white products need government support.

But sometimes you hear a more basic argument. The bumper-sticker version goes like this: "Don't complain about farmers with your mouth full." I guess a shorter version might read: "Don't complain about farmers." We all have to eat to stay alive, so the implication is that we owe farmers for our existence and should limit ourselves to the emotion of gratitude rather than its opposite.

Parents sometimes try a similar ploy on their kids. "I brought you into this world, I fed you, I clothed you, so I don't want to hear any whining about my imperfections as a parent."

There's a certain logic to this view when it comes from a parent. Only after you have a child do you realize what your parents went through. On the material and financial side, it is a one-sided relationship that is rarely balanced even at the end of our parents' lives. You should be grateful to your parents. But of course, that doesn't entitle a parent to berate or abuse a child on the grounds that "Hey, I might be cruel and malicious, but on net, you're still ahead, you little brat."

Reciprocal Relationship

And farmers aren't parents. My relationship with farmers is a reciprocal relationship. I pay for the food I eat. If farmers showed up at our houses out of the goodness of their hearts and literally put food on our tables, I'd feel a great deal of gratitude. That's what my parents did. They put food on the table with no expectation of receiving anything in return.

But farmers get paid for the food they provide. They don't put food on the table. They sell me the food that I put there. People farm for lots of reasons, including the joy of working the land and the satisfaction of producing one of life's essentials. But the money is what keeps people in the business and gets them to put up with the long hours and the uncertainty and everything negative about being a farmer.

And the last time I looked, farmers weren't chained to the land. They were free to leave, as millions have over the last century. In a free society the price of food adjusts to keep enough farmers on the land to satisfy the demand for food. Prices produce sufficient income for farmers to make it worth their while to stay in what is a tough and demanding profession.

I'm glad there are farmers in America. It's a tough job. But there are a lot of tough jobs. After I've paid the market price, I don't owe anything additional. I may feel gratitude. The farmer may feel the satisfactions of the job that go beyond money. But I don't expect the farmer to lower the price of the product because the job is a satisfying one. I would never tell a farmer or a teacher or a gardener: the nonmonetary part of your job is so rewarding, you should be willing to do it for less. Or for free.

And similarly, I don't expect a farmer to demand more money from me, above and beyond the market price, just because eating is essential. □

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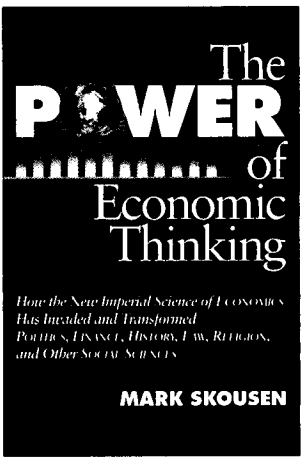

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JOSEPH MCKENNA (1843-1926),
U.S. Supreme Court Justice,
Western Union Telegraph Co. v. Pennsylvania Railroad, 1904

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